

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana**

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Years Ended
June 30, 2003 and 2002

January 28, 2004



DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Ten copies of this public document were produced at an approximate cost of \$30.50. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 9983 or Report ID No. 04900534 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana**

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Years Ended
June 30, 2003 and 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

January 28, 2004

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

Basic Financial Statements and
Independent Auditor's Reports
As of and for the Years Ended
June 30, 2003 and 2002

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		2
Basic Financial Statements:		
Statement of Net Assets	A	4
Statement of Revenues, Expenses, and Changes in Net Assets	B	5
Statement of Cash Flows	C	6
Notes to the Financial Statements		8
	Exhibit	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	A	
	Appendix	
Management's Corrective Action Plan and Response to the Finding and Recommendation	A	



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 12, 2003

Independent Auditor's Report
on the Financial Statements

LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Delta Community College, a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the years ended June 30, 2003 and June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Delta Community College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in note 1-B, the accompanying financial statements of Louisiana Delta Community College are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of the Louisiana Delta Community College. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System as of June 30, 2003, and June 30, 2002, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the financial position of Louisiana Delta Community College as of June 30, 2003, and June 30, 2002, and the changes in its financial position including cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LEGISLATIVE AUDITOR

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Audit Report, June 30, 2003

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, on our consideration of Louisiana Delta Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. However, this information is not included in the financial statements for the fiscal years ended June 30, 2003 or June 30, 2002.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is written in a cursive style with a large, prominent initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

WMS:WJR:THC:ss

[LDCC03]

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

**Statement of Net Assets
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets:		
Cash (note 2)	\$93,051	\$116,527
Receivables, net (note 3)	30,075	2,488
Due from state treasury	500	3,176
Inventories	4,142	688
Total current assets	<u>127,768</u>	<u>122,879</u>
Noncurrent assets - capital assets, net (note 4)	<u>138,038</u>	<u>171,047</u>
Total assets	<u><u>265,806</u></u>	<u><u>293,926</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable and accruals (note 5)	119,600	153,145
Due to state treasury (note 11)	59,129	16,003
Deferred revenues	40,441	11,503
Amounts held in custody for others	1,117	
Compensated absences payable (note 6)	11,324	7,819
Total current liabilities	<u>231,611</u>	<u>188,470</u>
Noncurrent liabilities - compensated absences payable (note 6)	<u>63,553</u>	<u>70,372</u>
Total liabilities	<u><u>295,164</u></u>	<u><u>258,842</u></u>
NET ASSETS		
Invested in capital assets	138,038	171,047
Restricted - expendable (note 12)	27,800	
Unrestricted (deficit)	<u>(195,196)</u>	<u>(135,963)</u>
Total net assets	<u><u>(\$29,358)</u></u>	<u><u>\$35,084</u></u>

The accompanying notes are an integral part of this statement.

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

**Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Years Ended June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$52,593 in 2003 and \$92,888 in 2002)	\$310,997	\$141,811
Federal grants and contracts	111,209	
State and local grants and contracts	527	6,508
Total operating revenues	<u>422,733</u>	<u>148,319</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	481,721	440,291
Academic support	223,066	110,303
Student services	225,769	172,421
Institutional support	1,168,127	1,040,099
Operations and maintenance of plant	10,412	13,954
Depreciation	45,210	42,770
Scholarships and fellowships		39,075
Other operating expenses		101,119
Total operating expenses	<u>2,154,305</u>	<u>1,960,032</u>
OPERATING LOSS	<u>(1,731,572)</u>	<u>(1,811,713)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,724,859	1,675,460
Investment income	1,400	
Other nonoperating expenses	(59,129)	(11,003)
Net nonoperating revenues	<u>1,667,130</u>	<u>1,664,457</u>
Loss before capital grants and gifts	(64,442)	(147,256)
Capital grants and gifts		<u>182,340</u>
INCREASE (DECREASE) IN NET ASSETS	(64,442)	35,084
NET ASSETS AT BEGINNING OF YEAR	<u>35,084</u>	<u>NONE</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>(\$29,358)</u>	<u>\$35,084</u>

The accompanying notes are an integral part of this statement.

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

**Statement of Cash Flows
For the Fiscal Years Ended June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$328,844	\$133,731
Grants and contracts	98,474	
Payments to suppliers	(540,665)	(504,799)
Payments for utilities	(41,105)	(27,171)
Payments to employees	(1,329,260)	(949,343)
Payments for benefits	(237,319)	(184,874)
Other receipts		5,000
Net cash (used) by operating activities	<u>(1,721,031)</u>	<u>(1,527,456)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	1,724,359	1,675,460
Other disbursements	(16,003)	
Net cash provided by noncapital financing sources	<u>1,708,356</u>	<u>1,675,460</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(12,201)	(31,477)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	<u>1,400</u>	
NET INCREASE (DECREASE) IN CASH	(23,476)	116,527
CASH AT BEGINNING OF YEAR	<u>116,527</u>	<u>NONE</u>
CASH AT END OF YEAR	<u>\$93,051</u>	<u>\$116,527</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

**Statement of Cash Flows
For the Fiscal Years Ended June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating loss	(\$1,731,572)	(\$1,811,713)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	45,210	42,770
Changes in assets and liabilities:		
(Increase) in accounts receivables, net	(27,587)	(5,664)
Decrease in due from state treasury	3,176	
(Increase) in inventories	(3,454)	(688)
Increase (decrease) in accounts payable	(33,545)	158,145
Increase in deferred revenues	28,938	11,503
Increase in amounts held in custody for others	1,117	
Increase (decrease) in compensated absences	(3,314)	78,191
	<u>(\$1,721,031)</u>	<u>(\$1,527,456)</u>
Net cash (used) by operating activities		
Noncash, Capital Financing Transactions		
The college provided noncash scholarships.	\$52,593	\$92,888
Noncash, Capital Financing Transactions		
The college received a capital transfer in equipment.		\$182,340

(Concluded)

The accompanying notes are an integral part of the financial statements.

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

Notes to the Financial Statements
For the Years Ended June 30, 2003 and 2002

INTRODUCTION

Louisiana Delta Community College is a publicly supported state mandated institution of higher education. The college is a part of the Louisiana Community and Technical College System, which is a component unit of the State of Louisiana, within the executive branch of government. The college was enacted under Louisiana Revised Statute (R.S.) 17:3225 and is under the management and supervision of the Board of Supervisors of the Louisiana Community and Technical College System; however, the annual budget of the college and changes to the degree programs, departments of instruction, et cetera, require the approval of the Louisiana Board of Regents for Higher Education. As a state college, operations of the college's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

Louisiana Delta Community College is located in Monroe, Louisiana, and serves as a cultural and educational center for northeast Louisiana. The college offers associate degrees in the areas of liberal arts, general science, general studies, and business technology. Student enrollment at the college was 281, 395, and 244, respectively, during the fall, spring, and summer semesters of fiscal year 2003 and 233, 252, and 89, respectively, during the fall, spring, and summer semesters of fiscal year 2002. At June 30, 2003 and 2002, the college had approximately 11 and 5, respectively, full-time faculty; 29 and 18, respectively, full-time staff; and 29 and 36, respectively, part-time adjunct faculty.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to government 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.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The college is part of the Louisiana Community and Technical College System, which is considered a 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

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

Notes to the Financial Statements (Continued)

by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the college primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of Louisiana Delta Community College.

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

C. BASIS OF ACCOUNTING

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

The college has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected to not apply FASB pronouncements issued after the applicable date.

D. BUDGET PRACTICES

The State of Louisiana's appropriation to the college is an annual lapsing appropriation established by legislative action and Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are prorated to the year earned; and (4) certain inventories are recorded as expenditures at the time of purchase. A formal budgetary comparison is not required by GASB reporting standards for proprietary funds and, therefore, budgetary comparisons are not presented.

**LOUISIANA DELTA COMMUNITY COLLEGE
 LOUISIANA COMMUNITY AND
 TECHNICAL COLLEGE SYSTEM
 STATE OF LOUISIANA**
 Notes to the Financial Statements (Continued)

The budget amounts for fiscal year 2003 include the original approved budget and subsequent amendments approved as follows:

Original approved budget	\$1,980,859
Amendments:	
State General Fund increases	<u>44,000</u>
Total	<u><u>\$2,024,859</u></u>

E. CASH

Cash includes cash on hand, interest-bearing demand deposits, and cash held in the state treasury. Under state law, the college may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the college may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVENTORY

Inventories are valued at the lower of cost or market on the cost basis. The college uses a periodic inventory system and accounts for its inventories using the consumption method.

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the college's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. 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 3 to 10 years for most movable property. The college has no land, infrastructure, buildings, or library books that require capitalization.

H. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees prior to the end of the fiscal year but are related to the subsequent accounting period.

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

I. NONCURRENT LIABILITIES

Noncurrent liabilities include estimated amounts for accrued compensated absences that will not be paid within the next fiscal year.

J. 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 non-exempt 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, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave that 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.

Upon termination or transfer, a classified employee will be paid for any one 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.

K. NET ASSETS

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

- (a) Invested in capital assets consists of the college's total investment in capital assets, net of accumulated depreciation. The college does not have any outstanding debt obligations related to acquisition, construction, or improvement of these capital assets.
- (b) Restricted net assets - expendable consist of resources that the college is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

Notes to the Financial Statements (Continued)

- (c) Unrestricted net assets consist of resources derived from student tuition and fees and state appropriations. These resources are used for transactions relating to the educational and general operations of the college and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

L. CLASSIFICATION OF REVENUES

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

- (a) Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; and (2) most federal, state, and local grants and contracts.
- (b) Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions and state appropriations.

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 college and the amount that is paid by students and/or third parties making payments on the students' behalf.

2. CASH

At June 30, 2003 and 2002, the college has cash (book balances) totaling \$93,051 and \$116,527, respectively. A summary of the college's cash follows:

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

	<u>2003</u>	<u>2002</u>
Cash held in state treasury		\$114,096
Interest-bearing demand deposits	\$92,551	2,331
Petty cash	<u>500</u>	<u>100</u>
Total	<u><u>\$93,051</u></u>	<u><u>\$116,527</u></u>

Under state law, all deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the college or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003 and 2002, the college has \$156,661 and \$15,185, respectively, in deposits (collected bank balances) that are secured from risk in the following manner:

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Bank balances (collected balances):		
Insured or collateralized with securities held by the entity or its agent in the entity's name - GASB Category 1	\$100,000	\$15,185
Collateralized with securities held by the pledging institution's trust department or agent in the entity's name - GASB Category 2	<u>56,661</u>	<u> </u>
Total bank balances	<u><u>\$156,661</u></u>	<u><u>\$15,185</u></u>

3. RECEIVABLES

Receivables are shown on Statement A net of an allowance for doubtful accounts at June 30, 2003 and 2002. These receivables are composed of the following:

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

<u>Type</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Accounts Receivable (Net)</u>
June 30, 2003:			
Student tuition and fees	\$37,181	\$20,988	\$16,193
Federal, state, and private grants and contracts	13,882		13,882
Total at June 30, 2003	<u>\$51,063</u>	<u>\$20,988</u>	<u>\$30,075</u>
June 30, 2002:			
Student tuition and fees	\$24,798	\$22,929	\$1,869
Federal, state, and private grants and contracts	619		619
Total at June 30, 2002	<u>\$25,417</u>	<u>\$22,929</u>	<u>\$2,488</u>

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal years ended June 30, 2003 and 2002, follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Capital assets, being depreciated - equipment	\$213,817	\$12,201		\$226,018
Less accumulated depreciation for equipment	(42,770)	(45,210)		(87,980)
Capital assets, net	<u>\$171,047</u>	<u>(\$33,009)</u>	<u>NONE</u>	<u>\$138,038</u>

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Capital assets, being depreciated - equipment		\$213,817		\$213,817
Less accumulated depreciation for equipment		(42,770)		(42,770)
Capital assets, net	NONE	\$171,047	NONE	\$171,047

The Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy capitalization policy includes only those assets with an original acquisition cost of \$5,000 or more on which depreciation is calculated. GASB Statement No. 34 requires the recognition of depreciation on capital assets, resulting in the recognition of accumulated depreciation for current and prior years.

5. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of payables at June 30, 2003 and 2002:

<u>Account Name</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Vendors	\$15,061	\$105,641
Salaries and benefits	104,539	47,504
Total	<u>\$119,600</u>	<u>\$153,145</u>

6. COMPENSATED ABSENCES

At June 30, 2003, employees of the college have accumulated and vested annual, sick, and compensatory leave of \$73,971, \$0, and \$906, respectively. At June 30, 2002, employees of the college have accumulated and vested annual, sick, and compensatory leave of \$67,421, \$7,884, and \$2,886, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

7. PENSION PLANS

Plan Description. Substantially all employees of the college are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are

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

Notes to the Financial Statements (Continued)

members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. 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 systems; employee benefits vest with TRS after five years of service and with LASERS after ten 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 systems issue annual publicly available financial reports that include financial statements and required supplementary information for the 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, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of plan members and the college 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% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 13.1% of covered salaries to TRS and 14.1% of covered salaries to LASERS for fiscal year 2003 and 13.1% of covered salaries to TRS and 13% of covered salaries to LASERS for fiscal year 2002. The State of Louisiana, through the annual appropriation to the college, funds the college's employer contribution. The college's employer contributions to TRS for the years ended June 30, 2003 and 2002 were \$80,264 and \$56,799, respectively, and to LASERS for years ended June 30, 2003 and 2002 were \$26,893 and \$20,460, respectively, equal to the required contributions for each year.

8. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid colleges and universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

Total contributions by the college are 13.1% of covered payroll for fiscal years 2003 and 2002. The participant's contribution (8%), less any monthly fee required to cover the cost of

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS 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 an actuarial committee. The TRS 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 TRS. 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 \$58,535 and \$36,507 for the fiscal year ended June 30, 2003, and \$41,073 and \$23,869 for the fiscal year ended June 30, 2002, respectively.

**9. CONTINGENT LIABILITIES AND
RISK MANAGEMENT**

The college is not involved in any lawsuits at June 30, 2003. Any losses arising from judgments, claims, and similar contingencies would be 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. During fiscal years 2003 and 2002, no direct claims or litigation costs were incurred by the college.

10. OPERATING LEASES

For the years ending June 30, 2003 and 2002, the total rental costs for operating leases were \$9,008 and \$8,817, respectively. At June 30, 2003, the college has no capital leases. Furthermore, it has no operating leases with future minimum annual rental payments that have initial or noncancelable lease terms in excess of one year.

11. DUE TO STATE TREASURY

The following is a summary of amounts due to state treasury at June 30, 2003 and 2002:

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Unexpended appropriation	\$59,129	\$11,003
Cash advances used for the Imprest Fund		<u>5,000</u>
Total	<u>\$59,129</u>	<u>\$16,003</u>

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Concluded)

12. RESTRICTED NET ASSETS

Unexpended student technology fees of \$27,800 are shown on Statement A, as restricted expendable net assets at June 30, 2003. At June 30, 2002, the college had no restricted net assets.

13. DEFERRED COMPENSATION PLAN

Certain employees of Louisiana Delta Community College participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

14. FOUNDATION

During fiscal year 2003, the college entered into an agreement with an affiliated organization, the Louisiana Delta Community College Foundation. This foundation is a separate corporation whose financial statements are subject to audit by an independent certified public accountant.

15. CAMPUS RELOCATION

Effective August 1, 2003, the college changed its location from West Monroe, Louisiana, to the campus of the University of Louisiana at Monroe, Louisiana. The college entered into a lease of the Coenen Building with the University of Louisiana at Monroe. The lease payments total \$425,000 per year and the lease term is for three years with an option to extend the lease for two additional years.

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control 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 reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 12, 2003

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

**LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana**

We have audited the basic financial statements of Louisiana Delta Community College, a college within the Louisiana Community and Technical College System, which is a component unit of the State of Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Delta Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Failure to Return Unexpended Appropriation

Louisiana Delta Community College did not return excess General Fund appropriations totaling \$59,129 as required by state law. Louisiana Revised Statute 39:82 states that all cash balances occurring from appropriations made by legislative act for which no bona fide liability exists on the last day of the fiscal year shall be remitted to the state treasurer by the fifteenth day following the last day of the fiscal year. At year-end, the college determined it had the unexpended appropriation and consulted various sources for guidance relating to the disposition of the excess appropriation. Based on advice received from the various sources, management mistakenly retained the excess in violation of state law.

LEGISLATIVE AUDITOR

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

Compliance and Internal Control Report

December 12, 2003

Page 2

Louisiana Delta Community College should immediately return the excess appropriation to the state treasurer. In addition, controls should be developed and implemented to ensure that any excess appropriation remaining at year-end is remitted to the state treasurer within the prescribed time. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 1-2).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Delta Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



Grover C. Austin, CPA
First Assistant Legislative Auditor

WMS:WJR:THC:ss

[LDCC03]

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation



Chancellor's Office

Physical Address: 1201 Bayou Dr., Monroe, LA 71203

Phone: (318) 342-3702

FAX: (318) 342-3703

Email: lkreider@ladelta.cc.la.us

December 12, 2003

Grover C. Austin, CPA, First Assistant Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Austin:

Please find herein our response to your finding related to the audit of Louisiana Delta Community College (LDCC):

Failure to Return Unexpended Appropriation

Management's Response

LDCC agrees with the audit finding and recommendation.

Corrective Action Plan

Names of the Contact Persons Responsible for Corrective Action:

Glenn Roscoe, Chief Financial Office/Business Manager
Ranzie Douthit, Director of Accounting/Payroll

Corrective Action Planned:

Controls will be developed and implemented to ensure that any excess appropriation remaining at year end is remitted to the state treasurer within the prescribed time as stated in Louisiana Revised Statute 39:82.

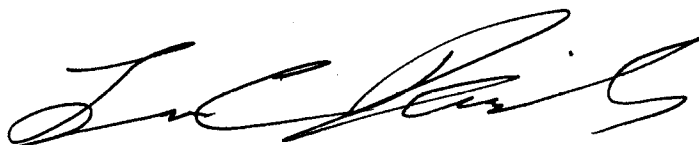
Mr. Grover C. Austin
Page 2
December 12, 2003

Anticipated Completion Date:

Check number 1491 in the amount of \$59,129.16 dated November 20, 2003 was submitted by LDCC to the Office of State Treasurer on November 21, 2003.

Should you have any questions or need additional information regarding our response, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn C. Kreider". The signature is fluid and cursive, with a large initial "L" and "K".

Dr. Lynn C. Kreider, Ed. D.
Chancellor

cc: Glenn Roscoe, Chief Financial Office/Business Manager
Ranzie Douthit, Director of Accounting/Payroll

file: LDCC Leg Aud FY03.doc