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

ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED JUNE 30, 2010
ISSUED JANUARY 12, 2011

LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2010

Accountant's Review Report

SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

We have reviewed the accompanying basic financial statements as listed in the table of contents of the South Louisiana 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 year ended June 30, 2010, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the South Louisiana Community College.

A review consists principally of inquiries of the South Louisiana Community College personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted 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, the objective of which is the expression of an opinion regarding the basic financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in note 1-B to the basic financial statements, the accompanying financial statements of the South Louisiana Community College are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of the South Louisiana Community College. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System or the State of Louisiana 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.

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Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The basic financial statements of the South Louisiana Community College for the year ended June 30, 2010, include a change in presentation affecting the comparability of the financial statements with those of the preceding period. As discussed in notes 13 and 16 to the financial statements, the South Louisiana Facilities Corporation (formerly SLCC Facilities Corporation) is a nonprofit corporation formed in December 2001 to provide funds and oversee construction for the South Louisiana Community College campus. For the fiscal year ended June 30, 2009, the audited financial statements of the facility corporation were blended with the college's financial statements. For the fiscal year ended June 30, 2010, the corporation's financial statements are reported with other facilities corporations in the Louisiana Community and Technical College System report and are not included in the financial statements presented for South Louisiana Community College.

Management's discussion and analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 37 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the required supplementary information.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RJM:BH:EFS:THC:dl

SLCC 2010

Management's Discussion and Analysis presents a narrative overview and analysis of South Louisiana Community College's (college) financial activities and statements for the fiscal 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. The notes to the financial statements provide a summary of some of the significant accounting policies affecting all financial transactions of this institution. The primary financial statements presented are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. This document should be read in conjunction with the annual financial report of the college. Information is presented in thousands of dollars unless otherwise noted.

FINANCIAL HIGHLIGHTS

The college's net assets changed from $4,468 to $5,358, an increase of 20% from June 30, 2009, to June 30, 2010. The overall reasons for this change include:

- New endowment
- Increase in fees and tuition

Based on comparative data for the fall 2008 and fall 2009 semesters, enrollment increased from 3,531 to 4,084, an increase of 16%. The reason for this change is attributed to:

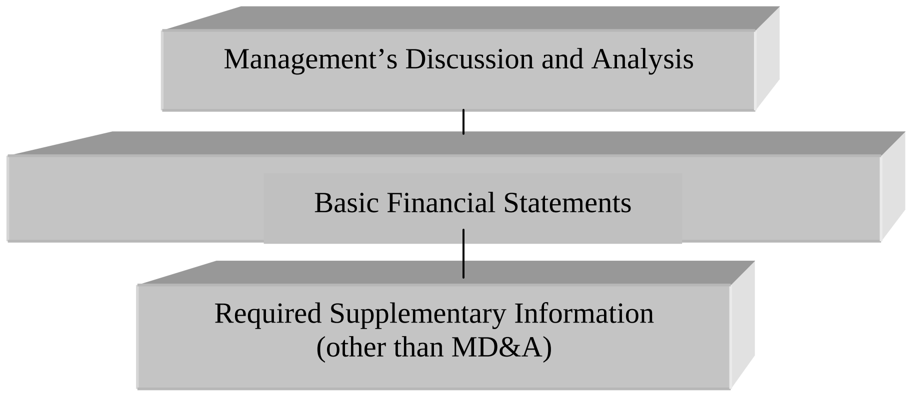
- Increase in high school dual enrolled students
- Increase in Early College Academy high school students

The college's operating revenues increased from $5,273 to $6,117 or 16% from June 30, 2009, to June 30, 2010. Operating expenses, however, decreased by 6% to $13,340 for the fiscal year ended June 30, 2010. The changes in enrollment as discussed above are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations received from the state and other sources. The total of net nonoperating revenues (expenses) reflects a decrease from $9,577 in 2009 to $8,096 in 2010. The change is attributed to budget cuts.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special-Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections: management's discussion and analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

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

The Statement of Net Assets (page 11) presents the current and noncurrent 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 college is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 13) presents information showing how the college's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 15-16) presents information showing how the college's cash changed as a result of the current year's 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 34.

The financial statements provide both long-term and short-term information about the college's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The college's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 college are included in the Statement of Net Assets.

FINANCIAL ANALYSIS

South Louisiana Community College
Comparative Statement of Net Assets
(in thousands of dollars)
As of June 30, 2010 and 2009

	2010	2009 (Restated)	Percentage Change
Assets			
Current and other assets	$11,296	$8,027	41%
Capital assets, net	1,031	1,198	(14%)
Total assets	12,327	9,225	34%
Liabilities			
Current liabilities	4,821	3,079	57%
Noncurrent liabilities	2,148	1,678	28%
Total liabilities	6,969	4,757	46%
Net Assets			
Invested in capital assets	1,031	1,198	(14%)
Restricted	4,597	3,338	38%
Unrestricted	(270)	(68)	(297%)
Total net assets	$5,358	$4,468	20%

This schedule is prepared using the college's Statement of Net Assets as shown on page 11, which is presented on an accrual basis of accounting. Significant changes for 2010 include:

- Assets - increase in cash and student receivables
- Current liabilities - increase in amounts due to state treasury and deferred revenue
- Long-term liabilities - increase in compensated absences and other post-employment benefit liability

- Restricted net assets - net assets increased because of unexpended student fees collected

- Unrestricted net assets - decrease in net assets because increase in compensated absences and other postemployment benefits obligations offset by an increase in academic enhancement fees

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 have no limitations on how these amounts may be spent.

South Louisiana Community College
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	(Restated) 2009	Percentage Change
Operating revenues:			
Student tuition and fees, net of scholarship allowances	$5,365	$4,769	12%
Grants and contracts	675	437	54%
Sales and services of educational departments	1		
Auxiliary enterprises, net of scholarship allowances	28	13	115%
Other operating revenues	48	54	(11%)
Total operating revenues	6,117	5,273	16%
Operating expenses:			
Educational and general:			
Instruction	5,356	5,610	(5%)
Academic support	1,600	1,894	(16%)
Student services	644	688	(6%)
Institutional support	1,833	2,057	(11%)
Operation and maintenance of plant	1,331	1,847	(28%)
Depreciation	280	310	(10%)
Scholarships and fellowships	2,271	1,610	41%

	2010	(Restated) 2009	Percentage Change
Operating expenses:			
Other operating expenses	$25	$119	(79%)
Total operating expenses	13,340	14,135	(6%)
Operating loss	(7,223)	(8,862)	(18%)
Nonoperating revenues (expenses):			
State appropriations	3,992	7,639	(48%)
Gifts	1		
American Recovery and Reinvestment Act award	1,235		
Federal nonoperating revenues (expenses)	2,798	1,858	51%
Other nonoperating revenues (expenses)	70	80	(13%)
Net nonoperating revenues (expenses)	8,096	9,577	(15%)
Income before other revenues, expenses, gains, losses	873	715	22%
Capital grants and gifts	17	34	(50%)
Change in net assets	890	749	19%
Net assets at beginning of year, restated	4,468	3,719	20%
Net assets at end of year	$5,358	$4,468	20%

Nonoperating revenues decreased by 15% to $8,096, primarily attributable to decrease in state appropriations because of state budget cuts. State appropriations decreased from $7,639 to $3,992. The college's operating revenues increased by $844 or 16%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2010, the college had invested approximately $1,031 in capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $167 or 14% over the previous fiscal year. More detailed information about the college's capital assets is presented in note 4 to the financial statements.

South Louisiana Community College
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2010 and 2009

	2010	2009 (Restated)	Percentage Change
Equipment	$1,031	$1,198	(14%)

Depreciation expense was more than additions causing the 14% decrease in capital assets. The major additions for the year ended June 30, 2010 included:

- Dodge Ram truck - $22
- 5 Segways - $36
- Ambulance simulator - $48

The college had no bonds or notes outstanding at year-end. See note 11 for details relating to changes in and the composition of long-term debt.

ECONOMIC OUTLOOK

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

- Increases in current enrollment
- Changes in tuition or fees
- Changes in state appropriations

CONTACTING SOUTH LOUISIANA COMMUNITY COLLEGE'S MANAGEMENT

The accompanying South Louisiana Community College financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the college's finances and to show the college's accountability for the money it receives. Questions about this report or the need for additional financial information can be addressed by contacting Mr. Rudy Gonzales, Vice Chancellor for Finance and Administration at rudy.gonzales@southlouisiana.edu.

Statement A

SOUTH LOUISIANA COMMUNITY COLLEGE
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)	$9,058,291
Receivables, net (note 3)	1,999,163
Due from Louisiana Community and Technical College System (LCTCS) colleges/LCTCS	39,043
Total current assets	11,096,497
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (note 2)	200,000
Capital assets, net (note 4)	1,031,112
Total noncurrent assets	1,231,112
Total assets	12,327,609
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities (note 5)	742,687
Due to state treasury	1,812,907
Due to federal government	33,525
Deferred revenues (note 6)	2,220,781
Amounts held in custody for others	1,381
Compensated absences payable (notes 9 and 11)	10,096
Total current liabilities	4,821,377
Noncurrent liabilities:	
Compensated absences payable (note 9)	425,503
Other postemployment benefits payable (note 8)	1,722,300
Total noncurrent liabilities	2,147,803
Total liabilities	6,969,180
NET ASSETS	
Invested in capital assets	1,031,112
Restricted for:	
Nonexpendable (note 12)	200,000
Expendable (note 12)	4,396,698
Unrestricted	(269,381)
Total net assets	$5,358,429

See accompanying notes and accountant's review report

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Statement B

SOUTH LOUISIANA COMMUNITY COLLEGE
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 (net of scholarship allowances of $1,282,182)	$5,364,804
Federal grants and contracts	87,061
State and local grants and contracts	556,463
Nongovernmental grants and contracts	31,460
Sales and services of educational departments	760
Auxiliary enterprise revenues	28,464
Other operating revenues	48,144
Total operating revenues	6,117,156
OPERATING EXPENSES	
Education and general:	
Instruction	5,356,303
Academic support	1,599,422
Student services	643,932
Institutional support	1,832,785
Operations and maintenance of plant	1,331,188
Depreciation	280,479
Scholarships and fellowships	2,271,062
Other operating expenses	25,036
Total operating expenses	13,340,207
OPERATING LOSS	(7,223,051)
NONOPERATING REVENUES	
State appropriations	3,991,733
Gifts	1,482
American Recovery and Reinvestment Act award (note 18)	1,234,933
Federal grants and contracts	2,798,127
Net investment income	70,389
Net nonoperating revenues	8,096,664
Income before other revenues	873,613
Capital grants and gifts	16,746
INCREASE IN NET ASSETS	890,359
NET ASSETS - BEGINNING OF YEAR (Restated) (note 13)	4,468,070
NET ASSETS - END OF YEAR	$5,358,429

See accompanying notes and accountant's review report.

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SOUTH LOUISIANA COMMUNITY COLLEGE
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	$5,248,437
Grants and contracts	887,028
Sales and services of educational departments	760
Auxiliary enterprise receipts	27,793
Payments for employee compensation	(5,625,805)
Payments for benefits	(828,108)
Payments for utilities	(313,642)
Payments for supplies and services	(3,970,092)
Payments for scholarships and fellowships	(2,251,621)
Other receipts (payments)	(67,218)
Net cash used by operating activities	(6,892,468)
Cash flows from noncapital financing activities:	
State appropriations	5,762,002
American Recovery and Reinvestment Act award	1,234,933
Gifts and grants for other than capital purposes	1,482
Pell grant receipts	2,798,127
TOPS receipts	115,889
TOPS disbursements	(115,889)
Net cash provided by noncapital financing sources	9,796,544
Cash flows from capital financing activities:	
Capital grants and gifts received	16,746
Purchases of capital assets	(113,599)
Net cash used by capital financing activities	(96,853)
Cash flows from investing activities:	
Interest received on investments	70,389
Net cash provided by investing activities	70,389
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,877,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,380,679
CASH AND CASH EQUIVALENTS AT END OF YEAR	$9,258,291

(Continued)

See accompanying notes and accountant's review report.

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

Statement of Cash Flows, June 30, 2010

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	($7,223,051)
Adjustments to reconcile loss to net cash provided by operating activities:	
Depreciation expense	280,479
Changes in assets and liabilities:	
(Increase) in accounts receivables, net	(392,097)
Decrease in accounts payable and accrued liabilities	(492,407)
Increase in deferred revenue	466,303
Increase in amounts held in custody for others	69
Increase in compensated absences	25,036
Increase in other postemployment benefits payable	443,200
Net Cash Used by Operating Activities	($6,892,468)

Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

Cash and cash equivalents classified as current assets	$9,058,291
Cash and cash equivalents classified as noncurrent assets	200,000
Total cash and cash equivalents	$9,258,291

(Concluded)

See accompanying notes and accountant's review report.

INTRODUCTION

South Louisiana Community College (college) is a publicly supported institution of higher education. The college is under the management and supervision of the Louisiana Community and Technical College System Board of Supervisors, which is a component unit of the State of Louisiana; however, the annual budget of the college and changes to the degree programs, department of instruction, et cetera, require the approval of the 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.

The college is located in Lafayette, Louisiana. The college was established as a comprehensive, multi-campus public two-year institution of higher education and was designed to serve the eight-parish area of Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared in accordance with such principles.

The campus applies all GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The college has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The college has elected not to apply FASB pronouncements issued after the applicable date.

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 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) the majority of the members of the governing boards 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

See accountant's review report.

financial statements present information only as to the transactions of the programs of the college as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues a comprehensive annual financial report (CAFR), 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 Louisiana Community and Technical College System and the state.

Criteria described in GASB Codification Section 2100 were used to evaluate whether potential component units should be blended with the college, discretely presented, 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 college is financially accountable and other organizations for which the nature and significance of their relationship with the college are such that exclusion would cause the financial statements of the college to be misleading or incomplete. No such components were identified.

C. BASIS OF ACCOUNTING

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

D. BUDGET PRACTICES

The State of Louisiana's general fund appropriation is an annual lapsing appropriation established by legislative action and by 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. The Joint Legislative Committee on the Budget grants budget revisions. 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 not prorated but are recognized in the succeeding year; (4) inventories are recorded as expenditures at the time of purchase; (5) carry forward of prior year funds is recognized as revenue in the current year; and (6) certain capital leases are not recorded. The other funds of the college, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

At June 30, 2010, the General Fund has an unexpended appropriation of $1,812,907 due to the state treasury.

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and certificates of deposit. The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. 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. Under state law, these 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. 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.

F. NONCURRENT RESTRICTED ASSETS

Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

G. CAPITAL ASSETS

The college 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 the acquisition or their estimated fair value at the date of donation. For movable property, the college's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Library collections regardless of age, with a total acquisition value of $5 million or more will be capitalized and depreciated.

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. 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 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 unclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified 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, which would otherwise have been used to compute years of service for retirement.

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 employee's hourly rate of pay at termination or transfer.

J. NONCURRENT LIABILITIES

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

K. NET ASSETS

The college's net assets are classified as follows:

(a) *Invested in capital assets, net of related debt* consists of the college's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to the acquisition, construction, or improvement of those assets.

(b) *Restricted net assets - nonexpendable* consist of endowments and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that 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.

(c) *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.

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

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

(b) *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

(c) *Operating expenses* generally include transactions resulting from providing goods or services, such as (1) payments to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.

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

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 goods and services provided by the college 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 college has cash and cash equivalents (book balances) totaling $9,258,291 as follows:

Demand deposits	$9,057,791
Certificates of deposit	200,000
Petty cash	500
Total	$9,258,291

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

Current assets	$9,058,291
Noncurrent assets (restricted)	200,000
Total	$9,258,291

3. 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:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	$2,191,712	$204,362	$1,987,350
State and private grants and contracts	8,976		8,976
Auxiliary enterprises	2,837		2,837
Total	$2,203,525	$204,362	$1,999,163

There is no noncurrent portion of accounts receivable.

4. 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*	Restated Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Capital assets:						
Land improvements	$832,075	($832,075)				
Less accumulated depreciation	(383,776)	383,776				
Total land improvements	448,299	(448,299)	NONE	NONE	NONE	NONE
Buildings	14,074,875	(14,074,875)				
Less accumulated depreciation	(1,055,614)	1,055,614				
Total buildings	13,019,261	(13,019,261)	NONE	NONE	NONE	NONE
Equipment (including library books)	3,750,904	(1,105,167)	$2,645,737	$113,599	($84,339)	$2,674,997
Less accumulated depreciation	(1,826,632)	378,887	(1,447,745)	(280,479)	84,339	(1,643,885)
Total equipment	1,924,272	(726,280)	1,197,992	(166,880)	NONE	1,031,112
Total capital assets	$15,391,832	($14,193,840)	$1,197,992	($166,880)	NONE	$1,031,112
Capital Asset Summary:						
Capital assets, at cost	$18,657,854	($16,012,117)	$2,645,737	$113,599	($84,339)	$2,674,997
Less accumulated depreciation	(3,266,022)	1,818,277	(1,447,745)	(280,479)	84,339	(1,643,885)
Capital assets, net	$15,391,832	($14,193,840)	$1,197,992	($166,880)	NONE	$1,031,112

*See note 16.

5. ACCOUNTS PAYABLE AND ACCRUALS

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

Account Name	
Accrued salaries and benefits	$494,371
Vendor payables	242,504
Other payables	5,812
Total payables	$742,687

See accountant's review report.

6. DEFERRED REVENUES

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

Prepaid tuition and fees	$2,105,781
Grants and contracts	115,000
Total deferred revenues	$2,220,781

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 Teachers' Retirement System of Louisiana (TRSL), and classified and unclassified state employees are members of the Louisiana State Employees' Retirement System (LASERS). Both plans are administered by separate boards of trustees. 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. 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. 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 employee 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 Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRSL) and 7.5% (8% for LASERS employees hired after July 1, 2006) of covered salaries. For fiscal year 2010, the state is required to contribute 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 through the annual appropriation to the college. The employer contributions to TRSL for the years ended June 30, 2010, 2009, and 2008 were $479,006; $443,835; and $371,212, respectively, and to LASERS for the years ended June 30, 2010, 2009, and 2008 were $60,074; $74,292; and $73,517, respectively, equal to the required contributions for each year.

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 universities in recruiting employees who may not be expected to remain in TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

R.S. 11:927 sets the contribution requirements of the plan members and the college equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by the college are 15.5% of covered payroll for fiscal year 2010. The participant's contribution of 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 an 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 obligations 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 $174,263 and $90,000, respectively, for the year ended June 30, 2010.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. Employees of the college voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in 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 plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the college are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. In addition, all plan members are offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to Medicare Advantage plans that are offered on a calendar year basis. During calendar year 2009 and calendar year 2010, there were three HMO plans and two private fee-for-service (PFFS) plans offered by four companies. 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 SecureHorizons Medicare Direct PFFS Plan.

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

Service	Contribution Percentage
Under 10 years	81%
10 - 14 years	62%
15 - 19 years	44%
20+ years	25%

Shown below are the total monthly premium rates in effect for the plan year 2009-10.

	PPO	EPO	HMO	Home Health Plan
Active				
Single	$559	$581	$536	$532
With Spouse	1,187	1,234	1,139	1,130
With Children	681	709	654	649
Family	1,251	1,301	1,201	1,192
Retired, No Medicare and Re-employed Retiree				
Single	$1,039	$1,081	$998	$990
With Spouse	1,835	1,909	1,762	1,748
With Children	1,158	1,204	1,111	1,102
Family	1,826	1,899	1,753	1,739
Retired, with 1 Medicare				
Single	$338	$351	$324	$322
With Spouse	1,249	1,299	1,199	1,189
With Children	585	608	562	557
Family	1,664	1,730	1,597	1,584
Retired, with 2 Medicare				
With Spouse	$607	$632	$583	$578
Family	752	782	722	716

	Medicare Advantage Plans - Calendar Year 2009				
	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	Secure Horizons
Retired, with 1 Medicare					
Single	$137	$142	$178	$174	$270
Retired, with 2 Medicare					
With Spouse	$274	$284	$356	$348	$539

	Medicare Advantage Plans - Calendar Year 2010				
	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	Secure Horizons
Retired, with 1 Medicare					
Single	$149	$142	$198	$165	$199
Retired, with 2 Medicare					
With Spouse	$298	$284	$396	$330	$397

See accountant’s review report.

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 college's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period had been used. The total ARC for fiscal year 2010 is $482,400 as set forth below:

Normal cost	$322,800
Amortization of the UAAL	142,200
Interest	17,400
ARC	$482,400

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

Annual required contribution	$482,400
Interest on net OPEB obligation	51,200
ARC adjustment	(48,900)
OPEB cost	484,700
Contributions made -	
current year retiree premiums	(41,500)
Increase in net OPEB obligation	443,200
Beginning net OPEB obligations at July 1, 2009, as restated	1,279,100
Ending net OPEB obligation at June 30, 2010	$1,722,300

The college's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2010, and the preceding two 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	$605,800	5%	$573,234
June 30, 2009	748,729	6%	1,279,100
June 30, 2010	484,700	9%	1,722,300

Funded Status and Funding Progress. Act 910 of the 2008 Regular Session established the Post Employment Benefits Trust Fund effective July 1, 2008; however, during fiscal year 2010, neither the college nor the State of Louisiana contributed to it. Since no contributions were made, the college's entire actuarial accrued liability of $3,721,100 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)	$3,721,100
Actuarial value of plan assets	NONE
Unfunded AAL	$3,721,100
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$2,401,400
UAAL as a percentage of covered payroll	155%

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 multi-year 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's actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 8.5% and 9.6% for pre-Medicare and Medicare eligible employees, 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 UAAL is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims costs were updated to reflect an additional year of actual experience.

9. COMPENSATED ABSENCES

At June 30, 2010, employees of the college have accumulated and vested annual, sick, and compensatory leave of $173,138; $250,541; and $11,920, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

10. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2010, total operating lease expenses were $484. As of June 30, 2010, the campus does not have any required minimum annual rental payments for the next five years.

Lessor - Operating Lease

The cost and carrying amount of property on lease and the amount of accumulated depreciation as of June 30, 2010, is as follows:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	$165,587	$20,700	$144,887

The following is a schedule, by fiscal years, of minimum future rentals on noncancellable operating leases as of June 30, 2010:

	Office Space
2011	$70,000
2012	70,000
2013	70,000
2014	70,000
2015	70,000
2016-2020	70,000
Total minimum future rentals	$420,000

The college did not have any contingent rentals for the fiscal year ended June 30, 2010.

11. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the college for the year ended June 30, 2010:

	Balance June 30, 2009	Prior Period Adjustment*	Restated Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Bonds payable	$15,905,000	($15,905,000)					
Accrued compensated absences	410,563		$410,563	$147,685	($122,649)	$435,599	$10,096
Other postemployment benefits	1,279,100		1,279,100	484,700	(41,500)	1,722,300	
Total	$17,594,663	($15,905,000)	$1,689,663	$632,385	($164,149)	$2,157,899	$10,096

*See note 16.

12. RESTRICTED NET ASSETS

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

Nonexpendable - endowments	$200,000
Expendable:	
Academic Excellence Fee	$1,349,314
Operational Fee	702,718
Grants	12,154
Endowment Interest	667
Scholarships	41,579
Student Technology Fee	1,606,886
Student Government Association	86,390
Building Use Fee	596,990
Total expendable	$4,396,698

Of the net assets reported in the Statement of Net Assets for the year ended June 30, 2010, total of $4,256,575 is restricted by enabling legislation.

See accountant's review report.

13. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets have been restated to reflect the following adjustments:

Net Assets at June 30, 2009	$5,267,190
Exclusion of South Louisiana Facilities Corporation	(799,120)
Net Assets at June 30, 2009, as restated	$4,468,070

14. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The college does not have any contingent liabilities to disclose at June 30, 2010. 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.

15. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Louisiana Community and Technical College System Board to authorize expenditure of 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.

At June 30, 2010, net appreciation of donor restricted endowments is equal to $667 which is available to be spent for restricted purposes.

16. AFFILIATED ORGANIZATIONS

The accompanying financial statements do not include the accounts of the South Louisiana Facilities Corporation (formerly SLCC Facilities Corporation), which is an affiliated organization of the college. In prior fiscal years, the corporation's financial activities were blended into the college's financial statements, but those activities are now reported within the Louisiana Community and Technical College System's financial statements.

The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction for the college campus. The organization is a separate corporation whose financial statements are subject to audit by independent certified public accountants. The audited financial statements for the corporation may be obtained at 301 Main Street, Baton Rouge, Louisiana 70825.

17. DEFERRED COMPENSATION PLAN

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

See accountant's review report.

18. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

ARRA expenses incurred for the year ended June 30, 2010, consisted of the following programs and amounts:

Program	Amount
Instruction	$523,250
Academic support	232,591
Student services	117,917
Institution support	294,244
Operations and maintentance	66,931
Total	$1,234,933

See accountant's review report.

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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.

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

Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 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	$3,973,400	$3,973,400	0.0%	$2,849,059	139%
July 1, 2008	NONE	5,357,700	5,357,700	0.0%	3,357,678	160%
July 1, 2009	NONE	3,721,100	3,721,100	0.0%	2,401,400	155%

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Management Letter

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2010

SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

We have reviewed the financial statements of the South Louisiana Community College (college), as of and for the year ended June 30, 2010, and have issued our accountant's review report thereon dated December 16, 2010. The college is within the Louisiana Community and Technical College System, a component unit of the State of Louisiana. The college's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions. A review is substantially less in scope than an audit conducted 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, the objective of which is the expression of an opinion regarding the basic financial statements. Accordingly, we did not express such an opinion in our accountant's review report referred to previously.

Our review of the financial statements did not disclose any transactions entered into by the college during the year that were both significant and unusual or transactions for which there is a lack of authoritative guidance.

For purposes of this letter, a disagreement with management is defined as a matter, whether or not resolved to our satisfaction, concerning a financial accounting or reporting matter that could be significant to the college's financial statements or the accountant's report. No such disagreements arose during our review procedures.

In our prior procedural report on the college for the two years ending June 30, 2010, we reported three findings. The findings relating to weakness over federal academic competitiveness grant and inadequate controls over accounts receivable have been resolved. The finding relating to weakness over scholarship allowances is addressed again in this letter.

Because our review procedures were substantially less in scope than an audit in accordance with *Government Auditing Standards*, identifying matters affecting the college's internal control, compliance with applicable laws and regulations, and operational efficiencies was not an objective of our procedures. Accordingly, our review procedures cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, during our review procedures, we noted one significant matter requiring communication to management concerning an internal control deficiency.

Weakness Over Scholarship Allowances

For the second consecutive fiscal year, the college did not adequately analyze and adjust its accounts to calculate and report scholarship allowances accurately in its financial statements. Good internal control requires adequate preparation and review procedures to prevent and detect errors in the financial statements submitted for inclusion in the Louisiana Community and Technical College System (LCTCS) Annual Financial Report.

The calculation of the scholarship allowance amount performed by the college's business manager was not reviewed before the college submitted its financial statements to LCTCS. The college's scholarship allowance calculation excluded exemptions and waivers and caused scholarship allowances reported in the financial statements to be understated by $422,650 and net student tuition to be overstated by the same amount.

College management should have the Vice Chancellor of Administration and Finance review the scholarship allowance calculation for accuracy before submitting its financial statements to LCTCS to ensure that the amounts presented on the financial statements are adequately supported and prepared in accordance with reporting guidelines for scholarship allowances. Management concurred in part with the finding and provided a plan of corrective action. Management did not agree that these errors were duplicated because different accounts were involved.

Additional Comments: Even though the grant revenue related to concurrently enrolled students was corrected, the scholarship allowance calculation excluded certain exemptions and waivers in both years. Management should review the scholarship allowance calculation for any omissions or errors before submission to the LCTCS (see Appendix A).

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of the college. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the college should be considered in reaching decisions on courses of action.

This management letter is intended for the information and use of the college and its management, others within the college, LCTCS and its board of supervisors, 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 letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RJM:BH:EFS:THC:dl

SLCC 2010

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

SOUTH LOUISIANA COMMUNITY COLLEGE

December 3, 2010

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: **Weakness over Scholarship Allowances**

Dear Mr. Purpera:

In response to the above-referenced audit finding, South Louisiana Community College (SLCC) submits the following:

RESPONSE:

South Louisiana Community College concurs in part with the audit findings and recommendations. While the college acknowledges that the 2009-2010 finding and 2008-2009 finding are both related to the area of scholarship allowances, it wishes to note that the current finding is not duplicative. The 2008-2009 finding related to the duplication of grant and scholarship revenue for tuition and was corrected as per the corrective action plan by June 30, 2010. The 2009-2010 finding represents different accounts that were not previously at issue. The corrective action plan for the 2009-2010 finding is addressed below.

CORRECTIVE ACTIONS:

Management of SLCC recognizes the importance of establishing control procedures to ensure that scholarship allowances are reported accurately in its financial statements.

A review of policy revealed that a misinterpretation of the guidelines related to what was to be included in the scholarship allowance had occurred in the preparation of the financial calculations. The college business staff incorrectly included as a scholarship allowance for the current year only those dollars used to cover tuition from grant and scholarship revenue.

320 Devalcourt, Lafayette, LA 70506 * 908 Ember Dr., New Iberia, LA 70560 * 1013 Perret St., Franklin, LA 70538
Phone: (337) 521-8896 Phone: (337) 373-0185 Phone: (337) 413-8146
Fax: (337) 262-2100 Fax: (337) 373-0187 Fax: (337) 413-8145

The Vice Chancellor of Administration and Finance has reviewed with SLCC business office staff the LCTCS Policy on Tuition Discounts and Waivers as well as the NACUBO Advisory Report and is satisfied that the guidelines are now understood.

As a further corrective action the Vice Chancellor of Administration and Finance will continue to personally review documents supporting the financial statements prior to submitting the financial statements, giving careful attention to detail. The Vice Chancellor of Administration and Finance will also provide appropriate development and guidance to staff to ensure that all financial statements are adequately supported and prepared in accordance with reporting guidelines for scholarship allowances.

Mr. Rudy V. Gonzales, Vice Chancellor of Administration and Finance will be responsible for corrective action with the support of Business Manager, Janet LaGrange.

Sincerely,

Jan Brobst

Jan Brobst, Ph.D.
Chancellor

cc: Rudy V. Gonzales
Vice Chancellor of Administration and Finance