Bossier Parish Community College
Louisiana Community and Technical College System
State of Louisiana

Louisiana Legislative Auditor

Accountant's Review Report

Issued January 31, 2007

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

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OFFICE OF
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December 18, 2006

Accountant's Review Report
on the Financial Statements

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bossier City, Louisiana

We have reviewed the accompanying basic financial statements as listed in the table of contents of Bossier Parish 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, 2006, 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 management of Bossier Parish Community College. We did not review the financial statements of Campus Facilities, Inc., a blended component unit of the college, whose statements reflect total assets and revenues of 91% and 12%, respectively, of the related college totals. This component unit's financial statements were audited by other auditors whose report thereon has been furnished to us, and the results of our review expressed herein, insofar as it relates to the amounts included for this component unit, is based solely upon the report of the other auditors.

A review consists principally of inquiries of Bossier Parish 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. Accordingly, we do not express such an opinion.

As discussed in note 1-C to the basic financial statements, the accompanying financial statements of Bossier Parish 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 Bossier Parish 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, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Based on our review and the report of the other auditor discussed previously, 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.

As discussed in note 1-Q to the basic financial statements, Bossier Parish Community College implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Statement No. 47, *Accounting for Termination Benefits*, for the year ended June 30, 2006. However, Statements No. 42 and No. 47 have no impact on the financial statements for fiscal year 2006.

During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. While Bossier Parish Community College did not directly suffer any major effects of these two hurricanes, the long-term effects of these events directly on Bossier Parish Community College cannot be determined at this time.

Management's discussion and analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by GASB. 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 supplementary information.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

RLA:WJR:THC:ss

[BPCC06]

The Management's Discussion and Analysis of Bossier Parish Community College's (College) financial performance presents a narrative overview and analysis of the College's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this section in conjunction with College's basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The College's net assets overall changed from $8.1 million to $7.2 million or 11% from June 30, 2005, to June 30, 2006. The overall reasons for this change included:

- Small declines in the restricted fund, the auxiliary funds, and Campus Facilities, Inc.
- Depreciation

Enrollment changed from 4,429 to 4,889 from June 30, 2005, to June 30, 2006, a change of 10.4%. The reason for this change is attributed to the following:

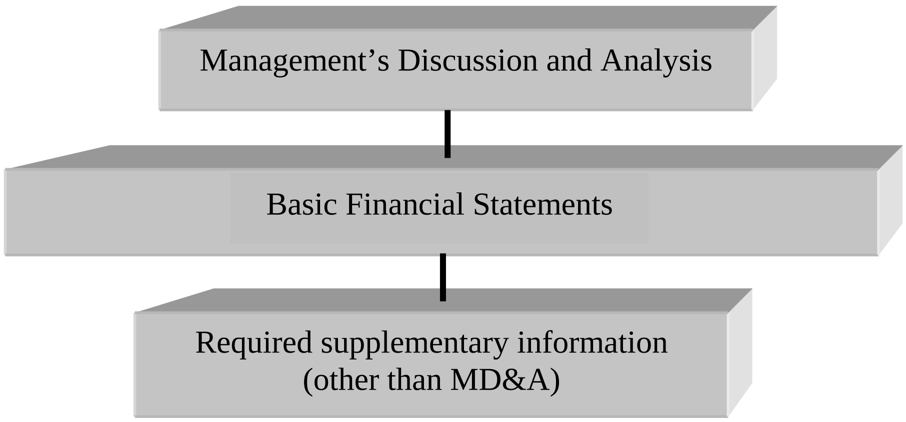
- Board of Regents' Master Plan, which went into effect in fall 2005
- Introduction of new curricula during the year
- Increase in recruiting efforts

The College's operating revenues changed from $16.6 million to $19.7 million or 19% from June 30, 2005, to June 30, 2006. Operating expenses, however, changed by 15% to $34.7 million for the year ended June 30, 2006. 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. The change from $11.7 million in 2005 to $9.6 million in 2006 is attributed to the first year of interest expense on the bonds.

OVERVIEW OF THE 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/schedules.

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 <u>Statement of Net Assets</u> (page 13) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the College is improving or deteriorating.

The <u>Statement of Revenues, Expenses, and Changes in Net Assets</u> (pages 15-16) 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 <u>Statement of Cash Flows</u> (pages 17-18) presents information showing how the College's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 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 College's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the College are included in the Statement of Net Assets.

FINANCIAL ANALYSIS

Statement of Net Assets
As of June 30, 2006 and June 30, 2005
(in thousands)

	Total	
	2006	2005
Current and other assets	$6,783	$15,986
Capital assets	58,577	54,654
Total assets	65,360	70,640
Other liabilities	4,142	6,984
Long-term debt outstanding	54,005	55,581
Total liabilities	58,147	62,565
Net assets:		
Invested in capital assets, net of debt	3,490	2,543
Restricted	2,679	4,798
Unrestricted	1,044	734
Total net assets	$7,213	$8,075

This schedule is prepared from the College's Statement of Net Assets as shown on page 13, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Significant changes on the Statement of Net Assets from 2005 include the 11% decrease in net assets restricted for capital outlay and other purposes due primarily to unexpended bond proceeds at the end of the prior year being spent in fiscal year 2006 for additional construction at the new campus of the College. The new construction cost shifted the net assets from restricted assets to "invested in capital assets, net of debt."

Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation, and 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 spending restrictions.

Statement of Revenues, Expenses and Changes in Net Assets For the Years Ended June 30, 2006 and June 30, 2005 (in thousands)

	2006	2005
Operating revenues:		
Student tuition and fees, net	$6,724	$5,645
Grants and contracts	10,880	9,177
Auxiliary	1,856	1,640
Other	231	186
Total operating revenues	19,691	16,648
Operating expenses:		
Education and general:		
Instruction	9,645	9,239
Public service	4,239	3,139
Academic support	2,603	2,426
Student services	6,062	4,993
Institutional support	2,586	2,802
Operations and maintenance of plant	2,788	2,743
Depreciation	1,768	303
Scholarships and fellowships	1,263	1,133
Other operating expenses	3,746	3,515
Total operating expenses	34,700	30,293
Operating loss	(15,009)	(13,645)
Nonoperating revenues (expenses):		
State appropriations	11,437	11,620
Other nonoperating revenues (expenses)	(1,815)	106
Net nonoperating revenues	9,622	11,726
Loss before other revenues, expenses, gains, and losses	(5,387)	(1,919)
Capital appropriations	4,133	2,795
Capital grants and gifts	392	363
Change in net assets	(862)	1,239
Net assets at the beginning of the year	8,075	6,836
Net assets at the end of the year	$7,213	$8,075

Nonoperating revenues (expenses) decreased by 18% to $9.6 million, primarily attributable to 2005-2006 fiscal year being the first year of interest on bonds.

State appropriations decreased from $11.6 million to $11.4 million because of the $193,141 reduction in the Higher Education Initiatives Fund. No explanation was provided by the state for the reduction.

The College's total revenues increased by $2.3 million or 7%. Of this amount, $1.3 million is the increased funding from the state to Campus Facilities, Inc., for use of the new campus. The remaining increase can be attributed to student tuition and fees resulting from the increase in student enrollment of approximately 460 students.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the College had invested approximately $58.6 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $3.9 million or 7% over the previous fiscal year. More detailed information about the college's capital assets is presented in note 4 to the financial statements.

Capital Assets at Year-end
(Net of Depreciation, in thousands)

	2006	2005
Construction-in-progress	$3,555	$53,022
Buildings	53,994	
Equipment	1,028	1,632
Total	$58,577	$54,654

This year's major additions included $5.2 million in building additions by Campus Facilities, Inc., and $.5 million in equipment ranging in cost from $5,000 to $43,000.

Debt

The College had $54.44 million in bonds and notes outstanding at year-end, compared to $55.90 million last year, a decrease of 3% as shown in the table on the following page.

Outstanding Debt at Year-end
(in thousands)

	2006	2005
Capital leases		$1,244
Revenue bonds and notes	$54,440	54,658
Total	$54,440	$55,902

See note 11 for details relating to changes in and the composition of long-term liabilities and capital leases.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic position of the College is closely aligned with that of the overall economy. Traditionally, as the economy slows, enrollment for the College tends to increase, and likewise as the economy expands, enrollment tends to decrease. With the effects of hurricanes Katrina and Rita still impacting the state and local areas, the future of the Shreveport General Motors plant in question and the ever increasing instability and escalation of hostilities in the Middle East, enrollment for the College is projected to demonstrate a continued and steady rate of growth. The aforementioned factors should, in turn, result in increased revenues for the College.

The College will receive an approximate 7% increase in state general fund appropriations for fiscal year 2006-2007 when compared to the final state general fund appropriations budget figure for fiscal year 2005-2006. The original budget for fiscal year 2005-2006 was reduced by almost $600,000 as a result of the executive order issued by Governor Blanco in response to the aforementioned hurricanes.

The College currently houses classrooms, laboratories, administrative space, a library, a bookstore, a central plant, a student center, a theater/auditorium, and a health and physical education complex. With the continuation of the second year at the new campus and the completion of Phase II in spring 2006, the College will be able to offer more classes and services to students as well as to the community. The Louisiana Community and Technical College System (LCTCS) currently owns the land for the campus and has leased it to the nonprofit corporation, Campus Facilities, Inc. (CFI) under a ground lease for nominal rent. The Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) has issued tax-exempt bonds and lent the proceeds of the bonds to CFI to design and construct the campus and pay financing costs. CFI has also entered into an equipment lease for certain equipment and furnishings for the College. LCTCS will lease back the completed campus and facilities from CFI under a facilities lease. Rental payments under the facilities lease will be sufficient for CFI to pay debt service on the bonds, make equipment lease payments, and fund a maintenance reserve account. LCTCS will obtain the funds to make rental payments from state appropriations made by the legislature pursuant to a cooperative endeavor agreement between the state, LCTCS, and CFI.

In summary, the College experienced significant increases in enrollment of 10% and 6% for fall 2005 and spring 2006, respectively, and expects to continue to see increases with the Board of Regents' Master Plan being in effect requiring more stringent admissions requirements at four-year universities. The factors mentioned previously should result in continued student population growth.

CONTACTING BOSSIER PARISH COMMUNITY COLLEGE MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Stacey T. Crawford, Chief Financial Officer, at Bossier Parish Community College, 6220 E. Texas St., Bossier City, LA 71111, and telephone number (318) 678-6109.

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BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Statement of Net Assets
June 30, 2006

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$3,005,668
Accounts receivable, net (note 3)	1,619,607
Due from federal government	57,584
Inventories	319,969
Deferred charges and prepaid expenses	10,102
Total current assets	5,012,930
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	1,769,944
Capital assets, net (note 4)	58,576,992
Total noncurrent assets	60,346,936
Total assets	65,359,866
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 8)	2,083,183
Deferred revenues (note 9)	396,388
Compensated absences payable (note 10)	34,514
Amounts held in custody for others	47,475
Bonds payable (note 11)	1,580,000
Total current liabilities	4,141,560
Noncurrent liabilities:	
Compensated absences payable (note 10)	1,145,483
Bonds payable (note 11)	52,859,541
Total noncurrent liabilities	54,005,024
Total liabilities	58,146,584
NET ASSETS	
Invested in capital assets, net of related debt	3,490,428
Restricted for (note 12):	
Nonexpendable	100,000
Expendable	2,579,263
Unrestricted	1,043,591
Total net assets	$7,213,282

See accompanying notes and accountant's review report.

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BOSSIER PARISH 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, 2006

OPERATING REVENUES	
Student tuition and fees	$8,397,443
Less scholarship allowances	(1,673,514)
Net student tuition and fees	6,723,929
Federal grants and contracts	5,680,061
State and local grants and contracts	4,717,026
Nongovernmental grants and contracts	483,266
Sales and services of educational departments	231,123
Auxiliary enterprise revenues	1,904,129
Less scholarship allowances	(48,286)
Net auxiliary revenues	1,855,843
Total operating revenues	19,691,248
OPERATING EXPENSES	
Education and general:	
Instruction	9,645,019
Public service	4,238,641
Academic support	2,603,097
Student services	6,061,636
Institutional support	2,586,177
Operations and maintenance of plant	2,787,982
Depreciation	1,767,594
Scholarships and fellowships	1,263,459
Auxiliary enterprises	2,393,991
Other operating expenses	1,352,267
Total operating expenses	34,699,863
OPERATING LOSS	(15,008,615)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	11,437,479
Net investment income	275,414
Interest expense	(2,161,648)
Other nonoperating revenues	70,904
Net nonoperating revenues	9,622,149

(Continued)

See accompanying notes and accountant's review report.

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Assets, June 30, 2006

Loss before other revenues, expenses, gains, and losses	($5,386,466)
Capital appropriations	4,133,371
Capital grants and gifts	391,405
Decrease in Net Assets	(861,690)
Net Assets at the Beginning of the Year	8,074,972
Net Assets at the End of the Year	$7,213,282

(Concluded)

See accompanying notes and accountant's review report.

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

CASH FLOW FROM OPERATING ACTIVITIES:	
Tuition and fees	$4,238,736
Grants and contracts	9,679,073
Sales and services of educational departments	192,882
Auxiliary enterprise receipts	1,809,517
Payments for employee compensation	(11,451,328)
Payments for benefits	(3,757,220)
Payments for utilities	(575,126)
Payments for supplies and services	(12,761,904)
Payments for scholarships and fellowships	(2,610,827)
Other receipts	668,339
Net cash used by operating activities	(14,567,858)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	11,554,172
TOPS receipts	372,875
TOPS disbursements	(372,875)
Federal Family Education Loan Program receipts	9,119,352
Federal Family Education Loan Program disbursements	(9,118,183)
Other receipts	482,038
Net cash provided by noncapital financing sources	12,037,379
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital appropriations received	4,133,371
Capital grants and gifts received	391,405
Purchases of capital assets	(7,541,757)
Principal paid on capital debt and leases	(1,469,479)
Interest paid on capital debt and leases	(2,663,892)
Net cash used by capital financing activities	(7,150,352)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	10,035,763
Interest received on investments	283,367
Net cash provided by investing activities	10,319,130
Net increase in cash and cash equivalents	638,299
Cash at beginning of the year	4,137,313
Cash at the end of the year	$4,775,612

(Continued)

See accompanying notes and accountant's review report.

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2006

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	($15,008,615)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,767,594
Changes in assets and liabilities:	
(Increase) in accounts receivables, net	(260,056)
Decrease in inventories	64,554
(Increase) in deferred charges and prepaid expenses	(587)
Decrease in other assets	7,812
(Decrease) in accounts payable	(1,119,634)
(Decrease) in deferred revenue	(24,619)
Increase in amounts held in custody for others	504
Increase in compensated absences	5,189
Net cash used by operating activities	($14,567,858)

Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions

Reduction in accounts payable for capital asset purchases - CFI	($2,202,640)
Interest income and interest expense capitalized during construction	363,044
Accretion of discount and amortization of premiums on bonds	6,026
Book value of equipment retired	8,706

(Concluded)

See accompanying notes and accountant's review report.

INTRODUCTION

Bossier Parish Community College (the college) is a publicly supported 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 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 and departments of instruction 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.

Bossier Parish Community College is located in Bossier City, Louisiana, and serves as a cultural and educational center for northwest Louisiana. The college offers associate degrees in various academic areas. Student enrollment at the college per the registrar was 1,731; 4,889; and 4,689, respectively, during the summer, fall, and spring semesters of fiscal year 2006. At June 30, 2006, the college has approximately 294 full-time faculty and staff.

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. 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 college has elected not to apply FASB pronouncements issued after the applicable date.

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

The State of Louisiana issues a comprehensive annual 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 the State of Louisiana.

C. BASIS OF ACCOUNTING

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

D. 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 not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded. A formal budgetary comparison is not required by GASB reporting standards for proprietary funds and, therefore, budgetary comparisons are not presented.

The budget amounts for fiscal year 2006 include the original approved budget and subsequent amendments approved as follows:

Original approved budget	$19,284,217
Amendments - General Fund direct	(586,052)
Amendments - other	115,965
Total	$18,814,130

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include all highly liquid investments with an original maturity of three months or less. 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. INVENTORIES

Significant inventories are valued at the lower of cost or market on the first-in, first-out basis. The college uses a periodic inventory system and accounts for its various inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. Construction-in-progress costs are capitalized during construction. 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. Buildings and improvements costing $100,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings, 20 years for depreciable land improvements, and three to 10 years for most movable property.

I. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities 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.

J. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable and estimated amounts for accrued compensated absences that will not be paid within the next fiscal year.

K. 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 or termination 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.

L. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The college provides certain continuing health care and life insurance benefits for its retired employees. The college recognizes the cost of providing these retiree benefits as an expense when paid during the year.

M. NET ASSETS

Net assets of the college are classified in the following components:

(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 acquisition, construction, or improvement of those capital assets.

(b) Restricted - nonexpendable consists of endowment and similar type funds which 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 the principal.

(c) Restricted - expendable consists of resources that the college is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(d) Unrestricted consists of resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the 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.

N. CLASSIFICATION OF REVENUES AND EXPENSES

The college has classified its revenues as either operating or nonoperating revenues 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.

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

The college has classified its expenses as either operating or nonoperating according to the following criteria: (1) operating expenses generally include transactions resulting from providing goods or services, such as payments to vendors for goods or services; payments to employees for services; and payments for employee benefits and (2) nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

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

P. ELIMINATING INTERFUND ACTIVITY

All activities among departments and auxiliary units of the college are eliminated for purposes of preparing the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

Q. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2006, the college implemented GASB Statements No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, No. 46, *Net Assets Restricted by Enabling Legislation*, and No. 47, *Accounting for Termination Benefits*. Statements 42 and 47 have no impact on reporting for the college. Statement 46 does affect the reporting of net assets and is addressed in the financial statements and the accompanying notes.

R. COMPONENT UNITS

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Campus Facilities, Inc. (the "Corporation") was formed May 31, 2001, to provide funds for and to oversee construction of the campus to be occupied upon completion by Bossier Parish Community College. The construction project is financed by Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") Revenue Bonds. The proceeds of the bonds have been loaned by the Authority to the Corporation pursuant to a Loan and Assignment Agreement dated April 1, 2002, and are to be used for (1) financing a portion of the costs of the development, design and construction of a new campus and related facilities (the "Facilities") for students, faculty and staff of Bossier Parish Community College; (2) paying capitalized interest on the bonds; and (3) paying costs of issuance of the bonds.

The Board of Supervisors of the Louisiana Community and Technical College System (the "LCTCS Board"), a component unit of the state, is leasing the unimproved land on which the campus will be constructed to the Corporation pursuant to a Ground Lease Agreement dated April 1, 2002. The Corporation is obligated under the Ground Lease to construct the Facilities in accordance with the plans and specifications approved by an Advisory Committee of the Corporation, as set forth in the Ground Lease. Upon completion of construction, the Corporation will sublease the Facilities back to the LCTCS Board pursuant to an Agreement to Lease with Option to Purchase (the "Facilities Lease") dated April 1, 2002. The source of repayment of the bonds will be payments of the base rental received by the Corporation from the LCTCS Board pursuant to the Facilities Lease. These payments of base rental will enable the Corporation to make its required payments to the Authority under the loan agreement; provided, however, the availability of the base rental payable by the LCTCS Board is subject to annual appropriation of funds to the LCTCS Board sufficient for such purpose by the legislature.

The Corporation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes.

All financial information included in these financial statements for the Corporation is presented as of and for the year ended December 31, 2005.

The Corporation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Corporation's financial information in the college's financial report for these differences.

2. CASH AND CASH EQUIVALENTS

At June 30, 2006, the college has cash and cash equivalents (book balances) of $4,775,612 as follows:

Interest-bearing demand deposits	$4,666,149
Certificates of deposit	105,413
Petty cash	4,050
Total	$4,775,612

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

Current assets	$3,005,668
Noncurrent assets	1,769,944
Total	$4,775,612

Custodial credit risk is the risk that in the event of a bank failure, the college's deposits may not be recovered. Under state law, the college's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. 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. As of June 30, 2006, the college's total bank balance of $5,717,538 was fully insured and collateralized and therefore not exposed to custodial credit risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable as shown on the college's Statement of Net Assets, net of an allowance for doubtful accounts, is composed of the following:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable (Net)
Student tuition and fees	$631,806	$204,821	$426,985
Federal, state, and private grants and contracts	1,106,402		1,106,402
Other	86,220		86,220
Total	$1,824,428	$204,821	$1,619,607

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2005	Additions	Transfers	Retirements	Balance June 30, 2006
Capital assets not being depreciated - construction-in-progress	$53,021,535	$5,154,825	($54,621,577)	NONE	$3,554,783
Other capital assets:					
Buildings			$55,378,574		$55,378,574
Equipment	$2,695,154	$544,715	(756,997)	($62,267)	2,420,605
Less accumulated depreciation	(1,062,937)	(1,767,594)		53,561	(2,776,970)
Total other capital assets	$1,632,217	($1,222,879)	$54,621,577	($8,706)	$55,022,209
Capital Asset Summary:					
Capital assets not being depreciated	$53,021,535	$5,154,825	($54,621,577)		$3,554,783
Other capital assets, at cost	2,695,154	544,715	54,621,577	($62,267)	57,799,179
Total cost of capital assets	55,716,689	5,699,540	NONE	(62,267)	61,353,962
Less accumulated depreciation	(1,062,937)	(1,767,594)		53,561	(2,776,970)
Capital assets, net	$54,653,752	$3,931,946	NONE	($8,706)	$58,576,992

5. 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 (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). TRS is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is a single-employer plan because the material portion of its activity is with one employer, the State of Louisiana. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries and are administered by separate boards of trustees. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after five years of service for TRS and after 10 years of service for LASERS. 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 70804-4213, 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 15.9% of covered salaries to TRS and 19.1% of covered salaries to LASERS for fiscal year 2006. 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, 2006, 2005, and 2004 were $965,028; $855,324; and $786,998, respectively, and to LASERS for years ended June 30, 2006, 2005, and 2004 were $403,161; $314,420; and $248,980, respectively, equal to the required contributions for each year.

6. 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 15.9% of covered payroll for fiscal year 2006. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the 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 $516,310 and $259,778, respectively, for the fiscal year ended June 30, 2006.

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The college provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the college's employees become eligible for these benefits if they reach normal retirement age while working for the college. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and by the college. The college recognizes the cost of providing these benefits to retirees (college's portion of premiums) as an expense when paid during the year. These retiree benefits for 14 retirees totaled $106,584 for the year ended June 30, 2006.

8. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of the college's payables and accrued expenses at June 30, 2006:

Vendors payable	$107,736
Accrued salaries and benefits	1,116,984
Construction and retainage payable	647,023
Interest payable	211,440
Total payables and accruals	$2,083,183

9. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2006:

Prepaid tuition and fees	$309,972
Grants and contracts	82,683
Other	3,733
Total deferred revenues	$396,388

10. COMPENSATED ABSENCES

At June 30, 2006, employees of the college have accumulated and vested annual, sick, and compensatory leave benefits of $524,687, $642,718, and $12,592, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. LONG-TERM LIABILITIES

The following is a summary of the college's bond and other long-term debt transactions for the year ended June 30, 2006:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amounts due within one year
Bonds payable	$54,658,515	$6,026	($225,000)	$54,439,541	$1,580,000
Other liabilities:					
Compensated absences payable	1,174,808	115,946	(110,757)	1,179,997	34,514
Capital lease obligations	1,244,479		(1,244,479)		
Total	$57,077,802	$121,972	($1,580,236)	$55,619,538	$1,614,514

The following is a summary of bonds payable at June 30, 2006:

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2005	(Redeemed) Issued	Principal Outstanding June 30, 2006	Interest Rates	Maturities	Interest Outstanding June 30, 2006
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Series 2002 Serial Bonds	12/1/2002	$15,505,000	$15,505,000		$15,505,000	4.20 - 5.25%	2011-2018	$7,446,790
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Series 2002 Term Bonds	12/1/2002	29,495,000	29,495,000		29,495,000	5.125 - 5.20%	2019-2027	27,147,400
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Series 2003 Serial Bonds	6/18/2003	10,000,000	10,000,000	($225,000)	9,775,000	2.0 - 3.0%	2007-2011	798,956
Discount on 2002 Bonds			(428,740)	18,641	(410,099)			
Premium on 2003 Bonds			87,255	(12,615)	74,640			
Total		$55,000,000	$54,658,515	($218,974)	$54,439,541			$35,393,146

The annual debt service requirements to maturity, including principal and interest, for bonds payable as of June 30, 2006, are as follows:

2007	$4,101,479
2008	4,101,379
2009	4,098,404
2010	4,098,479
2011	4,102,073
2012-2016	20,493,702
2017-2021	20,483,078
2022-2026	20,489,012
2027	8,200,540
Total	90,168,146
Discount	(410,099)
Premium	74,640
Total	$89,832,687

12. RESTRICTED NET ASSETS

The college has the following restricted net assets at June 30, 2006:

Nonexpendable - endowments	$100,000
Expendable:	
Student fees (without academic enhancement)	$728,325
Grants	18,655
Third-party scholarships	13,113
Campus Facilities, Inc.'s net assets, exclusive of "net assets investment in capital assets, net of related debt"	1,453,091
Other	366,079
Total expendable	$2,579,263

In accordance with GASB No. 46, *Net Assets Restricted by Enabling Legislation*, the college is required to report all restricted net assets that are restricted by enabling legislation. Of the amounts reported above, $601,849 of student fees is restricted by enabling legislation for Student Technology as required by Louisiana Revised Statute 17:3351.1.

13. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. At June 30, 2006, the college is involved in one lawsuit and two charges of discrimination filed with the Equal Opportunity Commission by two individuals being handled by contract attorneys. In the opinion of legal counsel, the possibility that the college will incur a liability in these cases is reasonably possible, but not probable, with a possible loss estimated at $55,000. This amount is not reflected in the accompanying financial statements. Claims and litigation costs of $7,190 were incurred in the current year and are reflected in the accompanying financial statements.

14. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental college may supplement salaries of certain college employees. Those payments constitute on-behalf payments for purposes of reporting by the college. The college had no on-behalf payments for salaries and fringe benefits for the fiscal year ended June 30, 2006.

15. DEFERRED COMPENSATION PLAN

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

16. FOUNDATION

The accompanying financial statements do not include the accounts of the Bossier Parish Community College Foundation, Inc., or the Cavalier Athletic Foundation, Inc. These affiliated organizations are not included because they do not meet criteria established by the Division of Administration, Office of Statewide Reporting and Accounting Policy, for determining component units included in the college system's financial statement in accordance with GASB Statement 14, as amended by GASB Statement 39. These organizations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

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Management Letter

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

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December 18, 2006

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bossier City, Louisiana

We have reviewed the financial statements of Bossier Parish Community College, as of and for the year ending June 30, 2006, and have issued our accountant's review report thereon dated December 18, 2006. Bossier Parish Community College is a college 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.

Because our review procedures were substantially less in scope than an audit in accordance with *Government Auditing Standards*, identifying matters affecting Bossier Parish Community 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 no significant matters requiring recommendations to management concerning internal control, compliance, or operational efficiencies.

This management letter is intended solely for the information and use of Bossier Parish Community College and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under state law, this letter is a public record.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

RLA:WJR:THC:ss

[BPCC06]