LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
A COMPONENT UNIT OF THE STATE OF LOUISIANA

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
ISSUED FEBRUARY 9, 2011

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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 6, 2011

Independent Auditor's Report

LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying basic financial statements of Louisiana Technical College - Region 1, a region 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, as listed in the table of contents. These financial statements are the responsibility of Louisiana Technical College - Region 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in note 1-B, the accompanying financial statements of Louisiana Technical College - Region 1 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 Louisiana Technical College - Region 1. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System as of June 30, 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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In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Technical College - Region 1 as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2011, on our consideration of Louisiana Technical College - Region 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis (pages 5 through 10) and the Schedule of Funding Progress for the Other Postemployment Benefits Plan (page 33) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Daryl Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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LTCR1 2010

The Management's Discussion and Analysis of Louisiana Technical College - Region 1's financial performance presents a narrative overview and analysis of Louisiana Technical College - Region 1's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with Louisiana Technical College - Region 1's financial statements, which begin on page 11. Amounts are presented in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

Louisiana Technical College - Region 1's net assets decreased from $4,649 to $4,458 or 4.1% from July 1, 2009, to June 30, 2010. The overall reason for this change includes the increase in the other postemployment benefits (OPEB) obligation.

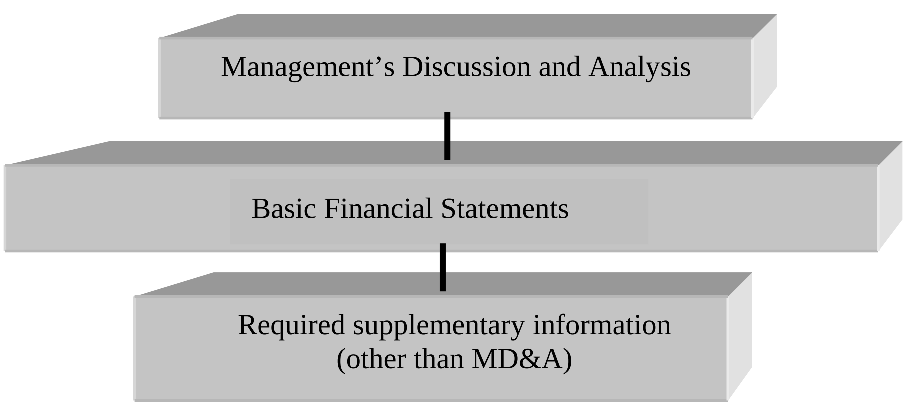
Enrollment changed from 2,977 (actual) to 5,350 (actual) from July 1, 2009, to June 30, 2010, a change of 80%. The reason for this change is attributed to increases in additional high school dual enrollments, Pell grants monies, and contract or grant agreements with third parties.

Louisiana Technical College - Region 1's operating revenues decreased from $2,083 to $1,221 or 41% from July 1, 2009, to June 30, 2010. Operating expenses, however, deceased by 11.4% to $6,733 for the year ended June 30, 2010. These changes are due to budget cuts.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to $4,943 in 2010 from $5,045 in 2009 is attributed to budget cuts.

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.

BASIC FINANCIAL ANALYSIS

The basic financial statements present information for the Louisiana Technical College - Region 1 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 (SNA); the Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA); and the Statement of Cash Flows.

The SNA (page 11) 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 Louisiana Technical College - Region 1 is improving or deteriorating.

The SRECNA (page 13) presents information showing how Louisiana Technical College - Region 1'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, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 15-16) presents information showing how Louisiana Technical College - Region 1'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 Louisiana Technical College - Region 1'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.

Louisiana Technical College - Region 1'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 SRECNA. All assets and liabilities associated with the operation of the Louisiana Technical College - Region 1 are included in the SNA.

FINANCIAL ANALYSIS

Louisiana Technical College - Region 1
Statement of Net Assets
(in thousands of dollars)
As of June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Assets				
Current and other assets	$1,991	$1,958	$33	1.7%
Capital assets	4,082	3,893	189	4.9%
Total assets	6,073	5,851	222	3.8%
Liabilities				
Current liabilities	397	198	199	100.5%
Long-term liabilities	1,218	1,004	214	21.3%
Total liabilities	1,615	1,202	413	34.4%
Net assets				
Invested in capital assets	4,082	3,893	189	4.9%
Restricted	425	411	14	3.4%
Unrestricted	(49)	345	(394)	-114.2%
Total net assets	$4,458	$4,649	($191)	-4.1%

This schedule is prepared from the Louisiana Technical College - Region 1's SNA as shown on page 11, which is presented on an accrual basis of accounting. A significant SNA change for 2010 is the OPEB liability increase of $210.

Net assets invested in capital assets, consist of capital assets net of accumulated depreciation. 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.

Louisiana Technical College - Region 1
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
(in thousands of dollars)
For the Fiscal Year Ended June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Operating revenues				
Student tuition and fees, net	$51	$399	($348)	-87.2%
Grants and contracts	1,164	1,553	(389)	-25.0%
Auxiliary enterprises, net	6	7	(1)	-14.3%
Other		124	(124)	-100.0%
Total operating revenues	1,221	2,083	(862)	-41.0%
Operating expenses				
Education and general:				
Instruction	3,522	4,008	(486)	-12.1%
Academic support	257	523	(266)	-50.9%
Student services	120	129	(9)	-7.0%
Institutional support	1,716	1,669	47	2.8%
Operations and maintenance of plant	581	656	(75)	-11.4%
Depreciation	236	190	46	24.2%
Scholarship and fellowships	301	430	(129)	-30.0%
Other operating expenses		(8)	8	100.0%
Total operating expenses	6,733	7,597	(864)	-11.4%
Operating loss	(5,512)	(5,514)	2	0.0%
Nonoperating Revenues (Expenses)				
State appropriations	2,879	4,509	(1,630)	-36.1%
American Recovery and Reinvestment Act revenues	661		661	100.0%
Gifts		8	(8)	-100.0%
Federal nonoperating revenues	1,401	551	850	154.3%
Other nonoperating revenues (expenses)	2	(23)	25	108.7%
Net nonoperating revenues	4,943	5,045	(102)	-2.0%
Loss before other revenues, expenses, gains, losses	(569)	(469)	(100)	21.3%
Capital appropriations		340	(340)	-100.0%
Capital grants and gifts	378		378	100.0%
Changes in net assets	(191)	(129)	(62)	-48.1%
Net assets, beginning of year	4,649	4,778	(129)	-2.7%
Net assets, end of year	$4,458	$4,649	($191)	-4.1%

Net nonoperating revenues decreased by 2.0% to $4,943, primarily attributable to change in state appropriations. State appropriations decreased from $4,509 to $2,879 because of budget cuts. The Louisiana Technical College - Region 1's operating revenues decreased by $862 or 41.0%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, Louisiana Technical College - Region 1 had invested approximately $4,082 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $189 or 4.9% over the previous fiscal year. More detailed information about the Louisiana Technical College - Region 1's capital assets is presented in notes 1-F and 4 to the financial statements.

Louisiana Technical College - Region 1
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Land and improvements	$1,949	$1,949		0.0%
Buildings	1,189	1,322	($133)	-10.1%
Equipment	604	282	322	114.2%
Construction-in-progress	340	340		0.0%
Total	$4,082	$3,893	$189	4.9%

This year's major additions included $377 in donated equipment.

Debt

The Louisiana Technical College - Region 1 had no bonds or notes outstanding at year-end. See notes 7 and 9 for details relating to changes in and the composition of long-term debt.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

The college enrollment has increased tremendously and should create a positive effect on the school's financial position. Louisiana Technical College - Region 1 has now merged with Delgado Community College, which should have a positive overall effect.

CONTACTING THE LOUISIANA TECHNICAL COLLEGE - REGION 1'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Technical College - Region 1's finances and to show the Louisiana Technical College - Region 1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ronald Rodriguez at (504) 762-3021.

LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Statement of Net Assets
June 30, 2010

ASSETS	
Current assets:	
Cash (note 2)	$1,725,479
Receivables, net (note 3)	128,487
Due from federal government	97,114
Due from Louisiana Community and Technical College System	23,036
Deferred charges and prepaid expenses	16,561
Total current assets	1,990,677
Noncurrent assets - capital assets, net (note 4)	4,081,850
Total assets	6,072,527
LIABILITIES	
Current liabilities:	
Accounts payable and accruals	4,011
Deferred revenues (note 8)	350,455
Compensated absences payable (note 9)	17,184
Amounts held in custody for others	24,868
Total current liabilities	396,518
Noncurrent liabilities:	
Compensated absences payable (note 9)	179,365
Other postemployment benefits payable (note 7)	1,038,600
Total noncurrent liabilities	1,217,965
Total liabilities	1,614,483
NET ASSETS	
Invested in capital assets	4,081,850
Restricted for expendable (note 11)	425,231
Unrestricted	(49,037)
TOTAL NET ASSETS	$4,458,044

The accompanying notes are an integral part of this statement.

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LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2010

OPERATING REVENUES	
Student tuition and fees	$1,212,457
Less scholarship allowances	(1,161,619)
Net student tuition and fees	50,838
Federal grants and contracts	498,932
State and local grants and contracts	664,899
Auxiliary enterprise revenues	6,400
Total operating revenues	1,221,069
OPERATING EXPENSES	
Educational and general:	
Instruction	3,521,839
Academic support	257,329
Student services	119,568
Institutional support	1,716,239
Operations and maintenance of plant	580,565
Depreciation (note 4)	236,078
Scholarships and fellowships	301,240
Total operating expenses	6,732,858
OPERATING LOSS	(5,511,789)
NONOPERATING REVENUES	
State appropriations	2,878,763
American Recovery and Reinvestment Act revenues	661,266
Federal nonoperating revenues	1,401,459
Net investment income	2,102
Net nonoperating revenues	4,943,590
LOSS BEFORE CAPITAL CONTRIBUTIONS	(568,199)
Capital contributions - donation of equipment	377,485
INCREASE IN NET ASSETS	(190,714)
NET ASSETS AT BEGINNING OF YEAR	4,648,758
NET ASSETS AT END OF YEAR	$4,458,044

(Concluded)

The accompanying notes are an integral part of this statement.

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LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2010

Cash Flows From Operating Activities:	
Tuition and fees	$255,585
Grants and contracts	1,379,339
Auxiliary enterprise receipts	6,400
Payments for employee compensation	(3,586,836)
Payments for benefits	(863,115)
Payments for utilities	(244,814)
Payments for supplies and services	(1,267,127)
Payments for scholarships and fellowships	(310,874)
Net cash (used) by operating activities	(4,631,442)
Cash Flows From Noncapital Financing Activities:	
State appropriations	2,878,763
American Recovery and Reinvestment Act receipts	661,266
Pell grant receipts	1,401,459
Federal Emergency Management Agency receipts	72,257
Federal Emergency Management Agency disbursements	(72,257)
Net cash provided by noncapital financing activities	4,941,488
Cash Flows From Capital Financing Activities:	
Capital grants and gifts received	377,485
Purchases of capital assets	(424,857)
Net cash (used) by capital financing activities	(47,372)
Cash Flows From Investing Activities:	
Interest received on deposits	2,102
Net cash provided by investing activities	2,102
Net increase in cash	264,776
Cash at beginning of year	1,460,703
Cash at end of year	$1,725,479

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
Statement of Cash Flows, June 30, 2010

Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	($5,511,789)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	236,078
Changes in assets and liabilities:	
Decrease in accounts receivable, net	216,276
Decrease in deferred charges and prepaid expenses	15,440
(Decrease) in accounts payable and accrued liabilities	(4,395)
Increase in deferred revenue	204,747
Increase in compensated absences	2,512
Increase in other postemployment benefits payable	209,689
Net cash (used) by operating activities	($4,631,442)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions:	
Capital contributions - donation of equipment	$377,485

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

Louisiana Technical College - Region 1 (LTC - Region 1) is one of nine Louisiana technical college regions in the state. LTC - Region 1 is comprised of four technical colleges (LTC) located in the Greater New Orleans Metropolitan area. LTC - Region 1's campuses are LTC-Jefferson, LTC-West Jefferson, LTC-Slidell, and LTC-Sidney Collier. All campuses are publicly supported institutions of higher education and part of the Louisiana Community and Technical College System (LCTCS), which is a component unit of the State of Louisiana, within the executive branch of government. LTC - Region 1 is under the management and supervision of the Board of Supervisors of the LCTCS; however, certain items such as the annual budget of LTC - Region 1 and changes to the degree programs and departments of instruction require the approval of the Board of Regents for Higher Education. As they are state technical colleges, operations of LTC - Region 1's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The LTC-Jefferson campus is located in Metairie, Louisiana, a suburb of New Orleans. The LTC-West Jefferson campus is located in Harvey, Louisiana, on the West bank of Jefferson Parish. The LTC-Sidney Collier campus is currently closed because of heavy damage sustained from Hurricane Katrina in 2005. The LTC-Slidell campus sustained heavy damage from Hurricane Katrina and remains closed, but the region opened an Instructional Service Center in the Slidell area in August 2008. LTC-Region 1 offers technical diplomas and certificates in the areas of motor vehicle technology, cosmetology, carpentry, HVAC (heating, ventilation and air conditioning), machine tool technology, welding, electrician and electric lineman technology.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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 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 governmental units.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The LTC-Region 1 is part of LCTCS, 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) the state issues bonds to finance certain construction; and (4) the colleges within the System primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of LTC-Region 1.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements within the LCTCS amounts. The Louisiana Legislative Auditor audits the basic financial statements of the LCTCS and the State of Louisiana.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the LTC-Region 1 is considered a special-purpose government engaged only in business-type activities. Accordingly, LTC-Region 1'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.

LTC-Region 1 has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. LTC-Region 1 has elected to not apply FASB pronouncements issued after the applicable date.

D. BUDGETARY PRACTICES

The State of Louisiana's appropriation to LTC-Region 1 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 amount for fiscal year 2010 includes the original approved budget and subsequent amendments approved as follows:

Original approved budget	$4,965,129
Amendments - state general fund (direct)	(577,918)
Amendments - self-generated increases	170,000
Total	$4,557,211

E. CASH

Cash includes cash on hand and interest-bearing demand deposits. Under state law, LTC-Region 1 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, LTC-Region 1 may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property (equipment), LTC-Region 1'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. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are also capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and 3 to 10 years for most movable property.

G. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and grant revenue prior to the end of the fiscal year but are related to the subsequent accounting period and deferred rental income related to an acquisition of land.

H. NONCURRENT LIABILITIES

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

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 or termination of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and nonclassified 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. 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 employee's hourly rate of pay at termination or transfer.

J. NET ASSETS

LTC-Region 1's net assets are classified as follows:

(a) Invested in capital assets represents the college's total investment in capital assets, net of accumulated depreciation. The college does not have any outstanding debt obligations related to capital assets.

(b) Restricted net assets (expendable) consist of resources that the college is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) Unrestricted net assets consist of resources derived from student tuition and fees, state appropriations, and sales and services of the educational department. 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.

K. CLASSIFICATION OF REVENUES AND EXPENSES

LTC-Region 1 has classified its revenues as either operating or nonoperating according to the following criteria: (1) Operating revenue includes activities that have the characteristics of exchange transactions, such as student tuition and fees, net of scholarship discounts and allowances; and most federal, state, and local grants and contracts. (2) Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, and investment income.

LTC-Region 1 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. (2) Nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

L. 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 is the difference between the stated charge for services (tuition and fees) provided by LTC-Region 1 and the amount that is paid by students and/or third parties making payments on the students' behalf.

M. 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 from those estimates.

N. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2010, the state's accounting office (Office of Statewide Reporting and Accounting Policy) implemented three new GASB statements. GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The implementation of these statements had no significant impact on LTC-Region 1's financial statements or notes.

2. CASH

At June 30, 2010, LTC-Region 1 has cash (book balance) of $1,725,479 as follows:

Petty cash	$430
Interest-bearing demand deposits	1,725,049
Total	$1,725,479

Custodial credit risk is the risk that in the event of a bank failure, LTC-Region 1's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the college or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2010, LTC-Region 1 has $97,769 in deposits (collected bank balances), which are secured from risk by federal deposit insurance.

3. RECEIVABLES

Receivables shown on the Statement of Net Assets at June 30, 2010, are composed of the following:

	Receivables
Student tuition and fees	$118,713
Other	9,774
Total	$128,487

There are no allowances for doubtful accounts or noncurrent portion of receivables.

4. CAPITAL ASSETS

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

	Balance June 30, 2009	Additions	Balance June 30, 2010
Capital assets not being depreciated:			
Land	$1,949,001		$1,949,001
Construction-in-progress	339,950		339,950
Total capital assets not being depreciated	$2,288,951	NONE	$2,288,951
Other capital assets:			
Buildings	$7,237,895		$7,237,895
Less accumulated depreciation	(5,915,907)	($132,795)	(6,048,702)
Total buildings	1,321,988	(132,795)	1,189,193
Equipment	807,618	424,857	1,232,475
Less accumulated depreciation	(525,486)	(103,283)	(628,769)
Total equipment	282,132	321,574	603,706
Total other capital assets	$1,604,120	$188,779	$1,792,899
Capital asset summary:			
Capital assets not being depreciated	$2,288,951		$2,288,951
Other capital assets, at cost	8,045,513	$424,857	8,470,370
Total cost of capital assets	10,334,464	424,857	10,759,321
Less accumulated depreciation	(6,441,393)	(236,078)	(6,677,471)
Capital assets, net	$3,893,071	$188,779	$4,081,850

Three buildings with a total carrying value of $201,594 remain idle at June 30, 2010, because of damages from Hurricane Katrina.

5. PENSION PLANS

Plan Description - Substantially all employees of LTC-Region 1 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 generally 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 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 calling (225) 922-0600.

Funding Policy - The contribution requirements of plan members and LTC-Region 1 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. For fiscal year 2010, employees contributed 8% (TRSL) and 7.5% (LASERS) of covered salaries. Act 75 of the 2005 Regular Legislative Session now requires that employees hired on or after July 1, 2006, must contribute 8% of covered salaries to LASERS. The state is required to contribute 15.5% of covered salaries to TRSL and 18.6% of covered salaries to LASERS for fiscal year 2010. The State of Louisiana, through the annual appropriation to the college, funds the college's employer contribution. The college's employer contributions to TRSL for the years ended June 30, 2010, 2009, and 2008 were $270,761; $275,409; and $258,255, respectively, and to LASERS for the years ended June 30, 2010, 2009, and 2008 were $62,699; $64,325; and $87,845, 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 plan was designed to aid colleges in recruiting employees who may not be expected to remain in the 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 set the contribution requirements of the plan members and the system equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by LTC-Region 1 are 15.5% of the covered payroll for fiscal year 2010. The participant's contribution, which was 8% for fiscal year 2010, 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 obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $8,049 and $5,604, respectively, for the year ended June 30, 2010.

7. 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 prior to retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's Web site at www.doa.la.gov/osrap.

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

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

Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

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

Total Premium Rates are as follows:

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

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

	Calendar Year 2010		Calendar Year 2009	
	Retired with		Retired with	
Medicare Supplemental Rates	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Humana HMO	$149.00	$298.00	$137.00	$274.00
Humana PFFS	165.00	330.00	174.00	348.00
People's Health	142.00	284.00	142.00	284.00
Secure Horizons	198.50	397.00	269.64	539.26
Vantage	198.00	396.00	178.00	356.00

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

Annual Other Postemployment Benefit Cost and Liability – LTC-Region 1's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period had been used. The total ARC for fiscal year 2010 is $620,100 as set forth below:

Normal cost	$194,300
30-year UAAL amortization amount	409,700
Interest	16,100
ARC	$620,100

The following schedule presents LTC-Region 1's OPEB obligation for fiscal year 2010, the amount actually contributed to the plan, and changes in LTC-Region 1's net OPEB obligation to the OPEB plan:

ARC	$620,100
Interest on net OPEB obligation	33,200
ARC adjustment	(31,700)
OPEB cost	621,600
Contributions made - current year retiree premiums	(411,911)
Change in net OPEB obligation	209,689
Beginning net OPEB obligations at July 1, 2009	828,911
Ending net OPEB obligation at June 30, 2010	$1,038,600

LTC-Region 1'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	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$857,700	49%	$438,172
June 30, 2009	841,884	54%	828,911
June 30, 2010	621,600	66%	1,038,600

Funded Status and Funding Progress - During fiscal year 2009, neither LTC-Region 1 nor the State of Louisiana made contributions to its postemployment benefits plan trust. A trust was established during fiscal year 2008, but was not funded, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, LTC-Region 1's entire actuarial accrued liability of $10,722,400 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)	$10,722,400
Actuarial value of plan assets	NONE
UAAL	$10,722,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$1,491,300
UAAL as percentage of covered payroll	719%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2009, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8.5% and 9.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims were updated to reflect an additional year of actual experience.

8. DEFERRED REVENUES

For the year ended June 30, 2010, the amount of tuition and fees, grants, and rental income recorded prior to the end of the fiscal year but related to the subsequent accounting period is as follows:

Tuition and fees	$70,205
Grants and contracts	264,410
Other	15,840
Total	$350,455

9. COMPENSATED ABSENCES

At June 30, 2010, employees of LTC-Region 1 have accumulated and vested annual, sick, and compensatory leave benefits of $112,739; $74,018; and $9,792, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. The following is a schedule of changes in the liability associated with compensated absences:

Balance as of June 30, 2009	$194,037
Additions	61,893
Reductions	(59,381)
Balance as of June 30, 2010	$196,549
Amounts due within one year	$17,184

10. LEASE OBLIGATIONS

For the year ended June 30, 2010, total rental expense for office space was $70,588. The future minimum annual rental payment in fiscal year 2011 for office space is $110,917. LTC-Region 1 does not have any capital or revenue leases.

11. RESTRICTED NET ASSETS

At June 30, 2010, LTC-Region 1 has $425,231 in restricted expendable net assets as follows:

Student technology fees	$253,601
Academic excellence fees	171,630
Total	$425,231

The entire amount is restricted by enabling legislation.

12. CONTINGENT LIABILITIES AND RISK MANAGEMENT

LTC-Region 1 is not involved in any lawsuits at June 30, 2010. Any losses arising from judgments, claims, and similar contingencies would be paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. During fiscal year 2010, no direct claims or litigation costs were incurred by LTC-Region 1.

13. DEFERRED COMPENSATION PLAN

Certain employees of LTC-Region 1 participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

14. SUBSEQUENT EVENTS

In March 2010, the LCTCS Board of Supervisors approved the consolidation of LTC-Region 1 with Delgado Community College. As of July 1, 2010, Region 1 will be reported as a part of Delgado Community College.

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

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

LOUISIANA TECHNICAL COLLEGE - REGION 1
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	$13,260,000	$13,260,000	0.0%	$3,180,945	417%
July 1, 2008	NONE	$13,455,700	$13,455,700	0.0%	$1,653,274	814%
July 1, 2009	NONE	$10,722,400	$10,722,400	0.0%	$1,491,300	719%

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OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 6, 2011

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

LOUISIANA TECHNICAL COLLEGE - REGION 1
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the basic financial statements of Louisiana Technical College - Region 1, a region 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, and have issued our report thereon dated January 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Technical College - Region 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Technical College - Region 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Technical College - Region 1's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Technical College - Region 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Louisiana Technical College - Region 1 management, the Louisiana Community and Technical College System, the Louisiana Community and Technical College System Board of Supervisors, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KML:JR:EFS:THC:dl

LTCR1 2010