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

FINANCIAL STATEMENT AUDIT
ISSUED OCTOBER 23, 2008

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

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of $23.22. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 9983 or Report ID No. 80080042 for additional information.

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

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

October 20, 2008

Independent Auditor's Report
on the Financial Statements

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

We have audited the accompanying basic financial statements of the Louisiana Delta Community College, a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the years ended June 30, 2008 and June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Delta Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Delta Community College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1-B, the accompanying financial statements of the Louisiana Delta Community College are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of the Louisiana Delta Community College. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System as of June 30, 2008 and June 30, 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Louisiana Delta Community College as of June 30, 2008 and June 30, 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 the Louisiana Delta Community College did not directly suffer any major effects of these two hurricanes, the Louisiana Community and Technical College System lost significant assets and operational functionality. However, the long-term effects of these events directly on the Louisiana Delta Community College cannot be determined at this time.

As discussed in note 1-O to the basic financial statements, the Louisiana Delta Community College implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27* for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2008, on our consideration of the Louisiana Delta Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by GASB. However, management did not include this information in the financial statements for fiscal years ended June 30, 2008 and June 30, 2007.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

GWE:WJR:BQD:THC:dl

LDCC08

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

Statements of Net Assets
June 30, 2008 and June 30, 2007

	JUNE 30,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents (note 2)	$1,297,333	$929,575
Investments (note 3)		75,000
Receivables, net (note 4)	72,375	235,180
Inventories	6,606	1,684
Deferred charges and prepaid expenses	65,104	64,041
Total current assets	1,441,418	1,305,480
Noncurrent assets:		
Restricted investments (note 3)	324,363	319,318
Capital assets, net (note 5)	2,911,118	313,662
Total noncurrent assets	3,235,481	632,980
Total assets	4,676,899	1,938,460
LIABILITIES		
Current liabilities:		
Accounts payable and accruals (note 6)	391,717	394,832
Deferred revenues (note 7)	198,268	208,312
Compensated absences payable (note 8)	9,367	13,630
Amounts held in custody for others		1,000
Total current liabilities	599,352	617,774
Noncurrent liabilities:		
Compensated absences payable (note 8)	325,943	237,153
Other postemployment benefits payable (note 9)	648,177	
Total noncurrent liabilities	974,120	237,153
Total liabilities	1,573,472	854,927
NET ASSETS		
Invested in capital assets	2,911,118	313,662
Restricted for: (note 15)		
Nonexpendable	300,000	300,000
Expendable	445,945	361,809
Unrestricted (deficit)	(553,636)	108,062
Total net assets	$3,103,427	$1,083,533

The accompanying notes are an integral part of this statement.

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Statement B

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

Statements of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended June 30, 2008 and June 30, 2007

	JUNE 30,	
	2008	2007
OPERATING REVENUES		
Student tuition and fees	$2,338,680	$1,938,059
Less scholarship allowances	(315,299)	(210,421)
Net student tuition and fees	2,023,381	1,727,638
Federal grants and contracts	84,637	34,884
State and local grants and contracts	497,661	503,747
Nongovernmental grants and contracts	107,381	287,480
Other operating revenues		1,271
Total operating revenues	2,713,060	2,555,020
OPERATING EXPENSES		
Education and general:		
Instruction	2,495,469	1,799,554
Academic support	1,140,402	832,511
Student services	1,048,144	619,596
Institutional support	2,050,961	1,558,264
Operations and maintenance of plant	585,410	474,973
Depreciation	53,464	49,521
Scholarships and fellowships	2,564	
Other operating expenses	58,383	49,351
Total operating expenses	7,434,797	5,383,770
OPERATING LOSS	(4,721,737)	(2,828,750)
NONOPERATING REVENUES		
State appropriations	3,918,751	3,150,986
Interest revenue		620
Gifts	125,000	125,000
Net investment income	46,993	67,515
Other nonoperating revenues	22,990	42,955
Net nonoperating revenues	4,113,734	3,387,076
INCREASE (loss) BEFORE CONTRIBUTIONS	(608,003)	558,326
Capital grants and gifts	2,619,000	19,906
INCREASE IN NET ASSETS	2,010,997	578,232
NET ASSETS - BEGINNING OF YEAR (Restated) (note 16)	1,092,430	505,301
NET ASSETS - END OF YEAR	$3,103,427	$1,083,533

The accompanying notes are an integral part of this statement.

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

Statements of Cash Flows
For the Years Ended June 30, 2008 and June 30, 2007

	JUNE 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	$1,845,874	$1,634,873
Grants and contracts	977,144	1,048,456
Payments for employee compensation	(3,539,944)	(2,959,097)
Payments for benefits	(937,778)	(740,000)
Payments for utilities	(86,471)	(62,198)
Payments for supplies and services	(1,987,452)	(1,514,759)
Payments for scholarships and fellowships	(71,011)	(951)
Other receipts (payments)		(19,216)
Net cash used by operating activities	(3,799,638)	(2,612,892)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	3,918,751	3,150,986
Gifts and grants for other than capital purposes	125,000	125,000
TOPS receipts	51,546	43,355
TOPS disbursements	(51,546)	(43,355)
Other payments	22,990	42,955
Net cash provided by noncapital financing activities	4,066,741	3,318,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and gifts received		19,906
Purchase of capital assets	(31,920)	(250,983)
Net cash used by capital and related financing activities	(31,920)	(231,077)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	393,698	306,826
Interest received on investments	74,633	64,885
Purchase of investments	(335,756)	(394,318)
Net cash provided (used) by investing activities	132,575	(22,607)
Net increase in cash and cash equivalents	367,758	452,365
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	929,575	477,210
CASH AND CASH EQUIVALENTS AT END OF YEAR	$1,297,333	$929,575

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA DELTA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statements of Cash Flows, June 30, 2008 and June 30, 2007

	JUNE 30, 2008	JUNE 30, 2007
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	($4,721,737)	($2,828,750)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	53,464	49,521
Changes in assets and liabilities:		
Decrease in accounts receivable, net	182,218	52,687
(Increase) decrease in inventories	(4,921)	4,347
(Increase) decrease in deferred charges and prepaid expenses	(1,063)	4,200
Increase (decrease) in accounts payable and accrued liabilities	(3,116)	4,880
Increase (decrease) in deferred revenue	(10,044)	49,873
Increase (decrease) in amounts held in custody for others	(1,000)	1,000
Increase in compensated absences	58,384	49,350
Increase in other post employment benefits payable	648,177	
Net cash used by operating activities	($3,799,638)	($2,612,892)

	2008	2007
Noncash Transactions:		
Capital grant for purchase of land	$2,619,000	
Noncash scholarships	294,960	$192,606
Unrealized loss on investments	11,393	

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

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

Louisiana Delta Community College is located in Monroe, Louisiana, and serves as a cultural and educational center for northeast Louisiana. The college offers associate degrees in the areas of liberal arts, general science, general studies, early childhood education, and business technology. Enrollment at the college was 1,297; 1,318; and 689, respectively, during the fall, spring, and summer semesters of fiscal year 2008 and 1,093; 1,108; and 598, respectively, during the fall, spring, and summer semesters of fiscal year 2007. At June 30, 2008 and 2007, the college has approximately 81 and 68, respectively, full-time faculty, staff members, and part-time adjunct faculty.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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; (4) the state issues bonds to finance certain construction; and (5) the college primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of Louisiana Delta Community College.

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

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 to not apply FASB pronouncements issued after the applicable date.

D. BUDGET PRACTICES

The State of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches 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) inventories are recorded as expenditures at the time of purchase.

**E. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. 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.

In accordance with R.S. 49:327, the college is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. Investments maintained by the college are comprised of non-negotiable certificates of deposits with maturities greater than three months and mutual funds. The mutual funds are reported at fair value in accordance with GASB Statement No. 31. Changes in the carrying value of investments, resulting from unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. For purposes of the Statement of Cash Flows, the college considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

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

G. NONCURRENT RESTRICTED ASSETS

Investments that are externally or legally restricted for endowed professorships are classified as noncurrent restricted assets 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. For movable property, the college's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 3 to 10 years for most movable property. The college has no infrastructure, buildings, or library books that require capitalization.

I. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees prior to the end of the fiscal year but are related to the subsequent accounting period. Deferred revenues received during the year also included amounts from grant and contract sponsors that had not yet been earned.

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

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

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

K. NONCURRENT LIABILITIES

Noncurrent liabilities include estimated amounts for accrued compensated absences and other postemployment benefits that will not be paid within the next fiscal year. The college recognizes the cost of providing these benefits as an expense when paid during the year.

L. NET ASSETS

Net assets of the college are classified as follows:

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

(b) Restricted net assets - nonexpendable consists of endowment 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 net assets - 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 net assets consist of resources derived from student tuition and fees, state appropriations, and certain state, local, and nongovernmental contracts. 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.

M. CLASSIFICATION OF REVENUES

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

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

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

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2008, the college implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27.* Statement No. 45 affects the reporting of long-term liabilities and is addressed in the financial statements and the accompanying notes. The implementation of Statement No. 50 had no significant impact on the financial statements or notes.

P. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2008 and 2007, the college has cash and cash equivalents (book balances) totaling $1,297,333 and $929,575, respectively, as follows:

	2008	2007
Interest-bearing demand deposits	$1,296,333	$877,955
Certificates of deposit		50,620
Petty cash	1,000	1,000
Total	$1,297,333	$929,575

Custodial risk is the risk that in the event of a bank failure, the college's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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, 2008 and 2007, the college has $1,319,426 and $1,027,418, respectively, in deposits (collected bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

3. INVESTMENTS

At June 30, 2008 and 2007, the college has investments totaling $324,363 and $394,318, respectively. The investments are reported in accordance with GASB Statement 31. These investments, where applicable, were secured from risk by federal deposit insurance or other appropriate pledged securities.

The college's investment policy follows state law (R.S. 49:327), which authorizes the college to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the college's investments follows:

June 30, 2008

Investment Type	Fair Value	Percent of Investment	Investment Maturity (in years) Less Than 1	1 to 5	6 to 10
Money Market -					
JP Morgan Liquid Assets Money Market	$6,531	2.0%	$6,531		
Mutual Funds:					
Cambiar Opportunity Investor Class	23,927	7.4%	23,927		
Cohen & Steers Realty Income Class A	22,105	6.8%	22,105		
Dodge & Cox International Stock Fund	16,145	5.0%	16,145		
Janus Mid Cap Value Investor Shares	9,531	3.0%	9,531		
Thornburg Value Institutional	23,562	7.3%	23,562		
Dodge & Cox Income	71,183	21.9%	71,183		
Payden High Income Class R	9,679	3.0%	9,679		
Pimco Total Return II Institutional	71,169	21.9%	71,169		
Western Asset Core Portfolio	70,531	21.7%	70,531		
Total Investments	$324,363	100%	$324,363	NONE	NONE

The above listed money market and mutual funds are unrated.

June 30, 2007

Investment Type	Percentage of Investments	Fair Value	Investment Maturity Date
Certificates of deposit:			
Endowments	81%	$319,318	August 22, 2007
Gifts	19%	75,000	August 27, 2007
Total	100%	$394,318	

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the college's investments by type as described previously. The college does not have policies to further limit credit risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the college will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For 2007, investments reported by the college consisted entirely of non-negotiable certificates of deposit and the college's investment policy generally requires that issuers must provide the college with safekeeping receipts, collateral agreements, and custodial agreements. The investments reported for 2008 are open ended mutual funds that are not subject to custodial credit risk. The college does not have policies to further limit credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. State law requires that at no time shall the funds invested in U.S. government agency obligations exceed 60% of all monies invested with maturities of 30 days or longer. In addition, state law limits the investment in commercial paper and corporate notes and bonds to 20% of all investments. The college does not have policies to further limit concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, the college does not have policies to limit interest rate risk.

4. RECEIVABLES

Receivables are shown on Statement A net of an allowance for doubtful accounts at June 30, 2008 and June 30, 2007. These receivables are composed of the following:

	June 30, 2008		
	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$59,427	($8,638)	$50,789
Federal, state, and private grants and contracts	21,586		21,586
Total	$81,013	($8,638)	$72,375

	June 30, 2007		
	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$72,989	($3,504)	$69,485
Federal, state, and private grants and contracts	150,069		150,069
Other	15,626		15,626
Total	$238,684	($3,504)	$235,180

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2008, follows:

	Balance, July 1, 2007	Additions	Retirements	Balance, June 30, 2008
Capital assets not being depreciated - land		$2,619,000		$2,619,000
Total capital assets not being depreciated	NONE	$2,619,000	NONE	$2,619,000
Capital assets being depreciated - equipment	$597,528	$31,920	($19,995)	$609,453
Less accumulated depreciation	(283,866)	(53,464)	19,995	(317,335)
Total capital assets being depreciated - equipment	$313,662	($21,544)	NONE	$292,118
Capital Asset Summary:				
Capital assets not being depreciated		$2,619,000		$2,619,000
Other capital assets, at cost	$597,528	31,920	($19,995)	609,453
Total cost of capital assets	597,528	2,650,920	(19,995)	3,228,453
Less accumulated depreciation	(283,866)	(53,464)	19,995	(317,335)
Capital assets, net	$313,662	$2,597,456	NONE	$2,911,118

A major acquisition occurred for the college on May 22, 2008, when the State of Louisiana purchased approximately 69.67 acres of land for $2,619,000 to construct the new Louisiana Delta Community College campus.

A summary of changes in capital assets for the year ended June 30, 2007, follows:

	Balance, July 1, 2006	Additions	Retirements	Balance, June 30, 2007
Capital assets being depreciated - equipment	$361,493	$250,983	($14,948)	$597,528
Less accumulated depreciation	(249,293)	(49,521)	14,948	(283,866)
Capital assets, net	$112,200	$201,462	NONE	$313,662

6. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of payables and accrued expenses at June 30, 2008 and 2007:

Account Name	June 30, 2008	June 30, 2007
Vendor payables	$26,058	$41,082
Accrued salaries and benefits	364,878	302,164
Other	781	51,586
Total payables	$391,717	$394,832

7. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2008 and 2007:

	June 30, 2008	June 30, 2007
Prepaid tuition and fees	$127,704	$137,748
Grants and contracts	70,564	70,564
Total deferred revenues	$198,268	$208,312

8. COMPENSATED ABSENCES

Employees of the college have accumulated and vested annual, sick, and compensatory leave at June 30, 2008 and June 30, 2007, as follows:

	June 30, 2008	June 30, 2007
Compensated absences payable:		
Annual	$185,348	$110,631
Sick	147,071	139,896
Compensatory	2,891	256
Total	$335,310	$250,783

These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description--Employees of the Louisiana Delta Community 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 post employment 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 college are established and may be amended by R.S. 42:801-883. Employees do not contribute to their post employment 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. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans, one HMO plan and one private fee-for-service **(**PFFS**)** plan, offered by two companies. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits range from $34 to $92 per month for retiree-only coverage with Medicare or from $126 to $170 per month for retiree-only coverage without Medicare. The fiscal year 2008 employee premiums for a retiree with spouse, children, or family coverage range from $69 to $452 per month for those with Medicare and from $181 to $496 per month for those without Medicare.

The plan is currently financed on a pay-as-you go basis with the college contributing from $103 to $237 per month for retiree-only coverage with Medicare or from $809 to $842 per month for retiree-only coverage without Medicare during fiscal year 2008. Also, the college's contributions range from $207 to $1,168 per month for retiree with spouse, children, or family coverage with Medicare or from $1,231 to $1,293 for retiree with spouse, children, or family coverage without Medicare.

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 premium is approximately $1 per thousand dollars of coverage of which the employer pays one-half of the premium. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability--The college's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which is being implemented prospectively 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, closed amortization period had been used. The total ARC for fiscal year 2008 is $684,600 as set forth below:

Normal cost	$473,500
30-year UAAL amortization amount	184,769
Interest	26,331
Annual required contribution (ARC)	$684,600

Since this fiscal year is the first fiscal year for which GASB 45 is applicable for the state, no information for prior years is presented.

The following schedule presents the college's OPEB obligation for fiscal year 2008:

Beginning net OPEB obligation at July 1, 2007	NONE
Annual required contribution	$684,600
Interest on net OPEB obligation	NONE
ARC adjustment	NONE
OPEB cost	684,600
Contributions made -	
current year retiree premiums	(36,423)
Increase in net OPEB obligations	648,177
Ending net OPEB obligation at June 30, 2008	$648,177

Using the pay-as-you-go method, the college contributed 5% of the annual postemployment benefits cost during 2008.

Funded Status and Funding Progress--During fiscal year 2008, neither the college 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 at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the college's entire actuarial accrued liability of $4,834,500 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	$4,834,500
Actuarial value of plan assets	NONE
Unfunded actuarial accrued liability	$4,834,500
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$3,115,987
UAAL as a percentage of covered payroll	155%

Actuarial Methods and Assumptions--Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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, 2007, OGB actuarial valuation, the projected unit credit actuarial cost method, was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, is 29 years.

10. PENSION PLANS

Plan Description--Substantially all employees of the college are members of two statewide, public employee retirement systems. Academic employees are generally members of the Teachers' Retirement System of Louisiana (TRSL), and classified/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 defined benefit pension plan because the material portion of its activity is with one employer--the State of Louisiana. Both plans provide retirement, disability, and survivors' benefits to plan members and beneficiaries. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after five years of service for TRSL 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. For fiscal years 2008 and 2007, employees contribute 8% (TRSLA) 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 16.6% of covered salaries to TRSL and 20.4% of covered salaries to LASERS for fiscal year 2008 and 15.8% of covered salaries to TRSL and 19.1% of covered salaries to LASERS for fiscal year 2007. 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, 2008, 2007, and 2006 were $357,065; $261,129; and $257,695, respectively, and to LASERS for years ended June 30, 2008, 2007, and 2006 were $87,902; $71,148; and $63,251, respectively, equal to the required contributions for each year.

11. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan, which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This plan was designed to aid colleges and universities in recruiting employees who may not be expected to remain in TRSL 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 TRSL and purchase retirement and death benefits through contracts provided by designated companies.

R.S. 11:927 sets the contribution requirements of the plan members and the system equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by the college are 16.6% of the covered payroll for fiscal year 2008 and 15.8% for fiscal year 2007. The participant's contribution which was 8% for fiscal years 2008 and 2007, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $113,796 and $54,841, respectively, for the year ended June 30, 2008, and $85,002 and $44,693, respectively, for the year ended June 30, 2007.

12. LEASE OBLIGATIONS

Operating Leases

Total operating rental expenses for the college are $558,679 and $465,487 for the years ended June 30, 2008 and 2007, respectively. The college's lease agreements have non-appropriation exculpatory clauses that allow lease cancellation if the legislature does not make for its continuation during any future fiscal period. The following is a schedule by years of future minimum annual lease payments required under operating leases:

	Fiscal Year			
	2009	2010	2011	Total
Nature of lease - office space	$739,891	$739,891	$290,588	$1,770,370

Capital Leases

For the years ended June 30, 2008 and 2007, the college did not maintain any capital leases.

13. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities of the college for the year ended June 30, 2008:

	Balance, June 30, 2007	Additions	Reductions	Balance, June 30, 2008	Amounts Due Within One Year
Compensated absences payable	$250,783	$133,583	($49,056)	$335,310	$9,367
Other postemployment benefits payable		684,600	(36,423)	648,177	
Total long-term liabilities	$250,783	$818,183	($85,479)	$983,487	$9,367

The following is a summary of long-term liabilities of the college for the year ended June 30, 2007:

	Balance, June 30, 2006	Additions	Reductions	Balance, June 30, 2007	Amounts Due Within One Year
Compensated absences payable	$201,433	$75,493	($26,143)	$250,783	$13,630

14. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The college is not involved in any lawsuits at June 30, 2008. Any losses arising from judgments, claims, and similar contingencies would be paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. During fiscal years 2008 and 2007, no direct claims or litigation costs were incurred by the college.

15. RESTRICTED NET ASSETS

The college has the following restricted net assets at June 30, 2008 and 2007:

	2008	2007
Nonexpendable - endowments	$300,000	$300,000
Expendable:		
Student technology fees	$421,582	$342,491
Endowment earnings	24,363	19,318
Total expendable	$445,945	$361,809

Student technology fees of $421,582 and $342,491 were reported as net assets restricted by enabling legislation in the Statement of Net Assets at June 30, 2008 and June 30, 2007, respectively. The student technology fee is restricted by R.S. 17:3351.1.

16. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on the Statement of Revenues, Expenses, and Changes in Net Assets as of June 30, 2008 and June 30, 2007, have been restated to reflect the following adjustments:

	June 30, 2007	June 30, 2006
Net assets as previously reported	$1,133,759	$545,028
Adjust prior year tuition and fee accrual	(41,329)	(39,727)
Net assets as restated	$1,092,430	$505,301

17. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. The endowment investments had a net increase of $5,045 and $1,605 for June 30, 2008 and June 30, 2007, respectively, that was available to be spent for restricted purposes.

18. AFFILIATED ORGANIZATIONS

The accompanying financial statements do not include the accounts of the Louisiana Delta Community College Foundation, Incorporated. This foundation is not included because it does 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. This foundation is a separate corporation whose financial statements are subject to audit by an independent certified public accountant.

19. 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.

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

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

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

Schedule of Funding Progress of Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2008

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	$4,834,500	$4,834,500	0.0%	$3,115,987	155.2%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2008; therefore, only one year of information is available to present.

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OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control and on compliance with laws and 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
STEVE J. THERIOT, CPA

October 20, 2008

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

We have audited the basic financial statements of the Louisiana Delta Community College, a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the years ended June 30, 2008 and June 30, 2007, and have issued our report thereon dated October 20, 2008. Our report was modified to include an emphasis of a matter regarding the impact of hurricanes Katrina and Rita and the implementation of new accounting standards. 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 the Louisiana Delta Community College'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 the Louisiana Delta Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Delta Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting.

Inaccurate Annual Fiscal Report

The Louisiana Delta Community College (college) did not prepare an accurate Annual Fiscal Report (AFR) for the years ended June 30, 2007 and 2008. As authorized by Louisiana Revised Statute 39:79, the commissioner of administration through the Division of Administration's Office of Statewide Reporting and Accounting Policy (OSRAP) prescribes the content and format for the preparation of the college's AFR, which is then submitted to the Office of Legislative Auditor for audit and to the Louisiana Community and Technical College System (System) office for inclusion in the System's annual financial statements.

Good internal control and sound business practices require (1) accounting records and balances to be routinely analyzed for appropriateness, (2) subsidiary records to be routinely reconciled to control records for consistency, and (3) reports to be reviewed by competent members of management for accuracy and compliance with applicable requirements. A review of the college's AFR disclosed the following material or significant errors in the 2007 and 2008 financial statements, respectively:

Fiscal Year Ended June 30, 2007

Statement of Net Assets:

- Current cash and cash equivalents were understated by $50,620.
- Current investments were understated by $75,000.
- Current receivables were overstated by $35,660.
- Noncurrent restricted investments were overstated by $125,000.
- Deferred revenues were understated by $41,329.
- Noncurrent compensated absences payable were overstated by $26,143.
- Net assets - restricted expendable were overstated by $19,336.

- Net assets - unrestricted were overstated by $76,369 and understated by $45,479 resulting in a net overstatement of $30,890.

Statement of Revenues, Expenses, and Changes in Net Assets:

- Student tuition and fees were overstated by $41,329 and understated by $39,727 resulting in a net overstatement of $1,602.
- Scholarship allowances were understated by $17,815.
- Federal grants and contracts were overstated by $11,024 and understated by $17,815 resulting in a net understatement of $6,791.
- State and local grants and contracts were overstated by $226,003 and understated by $203,936 resulting in a net overstatement of $22,067.
- Nongovernmental grants and contracts were overstated by $149,636 and understated by $273,050 resulting in a net understatement of $123,414.
- Other operating expenses were overstated by $26,143.
- Nonoperating interest revenue was understated by $620.
- Nonoperating gifts were understated by $125,000.
- Other nonoperating revenue was overstated by $19,906.
- Capital grants and gifts were overstated by $231,077.
- Net assets at the beginning of the year, restated were overstated by $39,727.

Statement of Cash Flows:

- Cash flows from operating activities - grants and contracts were understated by $125,983.
- Cash flows from noncapital financing activities were understated by a total of $191,004 for $105,094 of gifts and grants for other than capital purposes; $42,955 of TOPS disbursements; and $42,955 of other receipts.
- Cash flows from capital financing activities were overstated by $231,077 for capital grants and gifts received.

- Cash flows from investing activities were understated by $620 for interest received on investments and overstated by $50,000 for purchases of investments for a net overstatement of $49,380.

- Operating loss was overstated by $114,864.

- Decrease in accounts receivable was understated by $35,660.

- Increase in deferred revenues was understated by $1,602.

- Increase in compensated absences was overstated by $26,143.

Seven additional proposed adjusting entries were identified for the financial statements that we did not consider material or significant. These proposed adjusting entries were prepared and presented to management for consideration.

Fiscal Year Ended June 30, 2008

Statement of Net Assets:

- Deferred revenues were understated by $20,629.

- Net assets - restricted expendable were overstated by $19,335.

- Net assets - unrestricted were overstated by $20,629 and understated by $19,335 resulting in a net overstatement of $1,294.

Statement of Revenues, Expenses, and Changes in Net Assets:

- Student tuition and fees were overstated by $20,629 and understated by $41,329 resulting in a net understatement of $20,700.

- Scholarship allowances were understated by $20,339.

- Federal grants and contracts were understated by $31,190.

- State and local grants and contracts were overstated by $11,459.

- Nongovernmental grants and contracts were overstated by $125,000 and understated by $15,325 resulting in a net overstatement of $109,675.

- Other operating revenues were overstated by $14,717.

- Nonoperating gifts were understated by $125,000.

- Net assets at the beginning of the year, restated were overstated by $41,329.

Statement of Cash Flows:

- Cash flows from operating activities were overstated by a total of $125,000 for $112,912 in grants and contracts and $12,088 in other receipts.
- Cash flows from noncapital financing activities were understated by $125,000 for gifts and grants for other than capital purposes.
- Cash flows from investing activities were overstated by $620 for interest received on investments and understated by $50,000 for purchases of investments for a net understatement of $49,380.
- Cash at the beginning of the year was understated by $50,620.
- Operating loss was understated by $104,300.
- Increase in deferred revenues was overstated by $20,700.

Material or significant adjustments were also necessary to fairly present the following notes to the financial statements:

- Operating leases note
- Restricted expendable net assets note
- Restatement of beginning net assets note
- Deferred revenue note

Three additional proposed adjusting entries were identified for the financial statements and notes that we did not consider material or significant. These proposed adjusting entries were prepared and presented to management for consideration.

Sufficient information is not always obtained relating to transactions in order for business personnel to properly classify, adjust, record, and report transactions. Management does not conduct adequate supervision and review of the work performed by its staff or analyze and adjust the accounts in the accounting system before closing the system and preparing the AFR. In addition, supporting schedules and workpapers are not prepared and agreed to the supporting accounting records before providing its financial information to the CPA firm contracted to compile the AFR. Furthermore, once the AFR is received from the CPA, it is not always thoroughly reviewed to detect possible misclassifications or errors. As a result, the college's financial information submitted to the System is not fairly presented, which results in significant and material audit adjustments. Failure to timely analyze accounts and identify errors subjects college assets to fraud and/or abuse.

Management of the college should immediately review and evaluate the way its business staff conducts their day-to-day operations. Formal written policies and procedures should be designed, implemented, and enforced by management. The staff should receive the training needed to ensure they perform their assigned tasks in accordance with the established policies and procedures. Among the procedures that should be implemented are routine analysis of accounting records and balances for appropriateness, timely reconciliation of all general ledger accounts to subsidiary or supporting records and schedules, and an adequate compilation process to include sufficient review of information provided to the contracted CPA for accuracy and a complete review of the final AFR before submitting it to the System office. Management concurred with the finding and recommendations and outlined a plan of corrective action. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Delta Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

The Louisiana Delta Community College's response to the finding identified previously is attached in Appendix A. We did not audit the Louisiana Delta Community College's response, and, accordingly, we express no opinion on it.

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

Steve J. Theriot, CPA
Legislative Auditor

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LDCC08

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

LOUISIANA DELTA COMMUNITY COLLEGE

Chancellor's Office

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September 26, 2008

Steve J. Theriot, CPA, Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

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

Inaccurate Annual Fiscal Report

Management's Response

Management of LDCC concurs with the finding.

Corrective Action Plan

Names of the Contact Persons Responsible for Corrective Action:

Glenn Roscoe, Chief Finance Officer/Business Manager
Ranzie Douthit, Director of Accounting and Payroll

Corrective Action Planned:

The College will strengthen its control over the financial reporting and review of the Annual Fiscal Report (AFR) to prevent future errors such as those detailed in the current finding. The Office of Fiscal Services will develop policies and procedures for preparing and reviewing the AFR which will be finalized and implemented by the end of the 2009 fiscal year. Among the procedures to be implemented are routine analysis of accounting records and balances for appropriateness, timely reconciliation of all general ledger accounts to subsidiary or supporting records and schedules, and adequate compilation process to include sufficient review of information provided to the AFR preparer for accuracy and a complete review of the final AFR before submitting it to the System office. Although several reclassifications and adjustments were made by the Office of Legislative Auditors, the final effect of the adjustment to Net Assets is 4.43% and .66% for FY 2007 and FY 2008 respectively.

In addition to the development of comprehensive policies and procedures outlined above, Business Office staff will receive training necessary to ensure they perform their assigned tasks in accordance with the established policies and procedures. This includes subscription to Financial Accounting and Reporting Manual (FARM) for Higher Education and other publications such as GASB, Emerging Issues, etc., to be kept informed of updated NACUBO guidelines. The CFO, working with the Director of Human Resources, will also develop a systematic professional development plan for all Business Office staff, including, but not limited to, on-site training, "best practices" benchmarking activities, and attendance at seminars, training sessions, and conferences at the regional and national level as deemed necessary.

Anticipated Completion Date: June 30, 2009

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

Sincerely,

Dr. Luke P. Robins
Chancellor

cc: Glenn Roscoe, Chief Finance Officer/Business Manager
Ranzie Douthit, Director of Accounting and Payroll