Acadiana Technical College
A College Within The Louisiana Community and Technical College System
A Component Unit of the State of Louisiana

Financial Statement Audit
For the Year Ended June 30, 2012
Issued November 28, 2012

LOUISIANA LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

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 Louisiana Legislative Auditor and at the office of the parish clerk of court.

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EXECUTIVE SUMMARY

During the 2012 Legislative Session, the Legislature merged the campuses of Acadiana Technical College (College) and South Louisiana Community College, effective July 1, 2012. As a part of the process for the approval of the merger, Southern Association of Colleges and Schools (SACS) required a financial statement audit be performed on the College's fiscal year 2012 activities.

As part of our audit, we considered the College's internal controls, legal compliance, and financial reporting for significant financial accounts, such as cash, capital assets, benefits payable, tuition revenue, federal revenue, state appropriation, and educational and general expenses. Our work disclosed the following:

- We determined that the financial statements, as adjusted, were fairly presented.
- We determined that the College did not return Pell Grant funds totaling $4,092 to the U.S. Department of Education or issue disbursements to students totaling $514 in a timely manner.
- We determined that the College did not properly notify students of hardship waivers for the academic excellence and operational fees, which may cause a financial loss for students who were eligible for the waivers.
- Based on a four-year analysis, federal and state funding has declined; if this trend continues, the College may become more dependent on increasing tuition and fees.

This report is a public report and has been distributed to state officials. We appreciate the College's assistance in the successful completion of our work.

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 1, 2012

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Acadiana Technical College, a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Acadiana Technical 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 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 Acadiana Technical College are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of Acadiana Technical 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, 2012, 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.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the Acadiana Technical College as of June 30, 2012, and the respective changes in its 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 November 1, 2012, on our consideration of Acadiana Technical 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Acadiana Technical College's (College) financial performance presents a narrative overview and analysis of the College's financial activities for the year ended June 30, 2012. 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 the College's financial statements. Amounts are presented in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

The College's net assets decreased from $7,641 (restated) to $5,079 or 34% from July 1, 2011, to June 30, 2012. The overall reasons for this change included:

- Decrease in federal grants
- Reduction of operating expenditures

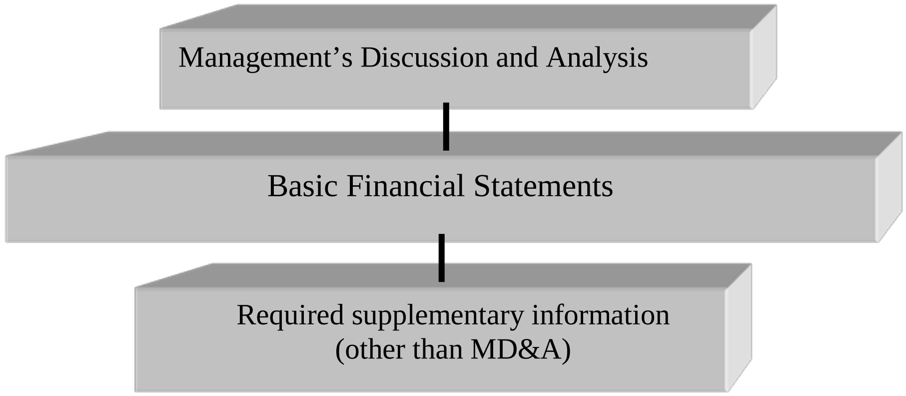
Enrollment changed from 4,615 to 3,852 from fall 2011 to fall 2012, a decrease of 17%. The reason for this change is attributed to improvements in the economy making more jobs available and reducing attendance at the College.

The College's operating revenues decreased from $7,443 (restated) to $6,158 or 17% from July 1, 2011, to June 30, 2012. Operating expenses decreased by 9% to $29,964 for the year ended June 30, 2012. The changes in enrollment as discussed above, the increase in tuition and fees, and the decrease in grants and contracts contributed to the decrease in operating revenues. The decrease in scholarships and fellowships is the primary reason for the change in operating expense.

Nonoperating revenues (expenses) fluctuate depending upon the level of state operating and capital appropriations awarded the College. Nonoperating revenues (expenses) change to $21,244 in 2012 from $27,057 in 2011 is attributed to a decrease in PELL disbursements and no American Recovery and Reinvestment Act State Fiscal Stabilization funding received in fiscal year 2012.

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 Statements

The basic financial statements present information for the College as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets (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 College is improving or deteriorating.

The SRECNA (pages 12-13) presents information showing how the College's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 14-15) presents information showing how the College's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

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

The College's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the SRECNA. All assets and liabilities associated with the operation of the College are included in the SNA.

FINANCIAL ANALYSIS

Acadiana Technical College
Comparative Statement of Net Assets
(in thousands of dollars)
As of June 30, 2012 and 2011

	2012	2011 (Restated)	Variance	Percentage Change
Assets				
Current and other assets	$10,383	$12,041	($1,658)	(14%)
Capital assets	7,486	7,835	(349)	(4%)
Total assets	17,869	19,876	(2,007)	(10%)
Liabilities				
Current liabilities	1,180	1,128	52	5%
Long-term liabilities	11,612	11,108	504	5%
Total liabilities	12,792	12,236	556	5%
Net assets				
Invested in capital assets	7,486	7,835	(349)	(4%)
Restricted	3,655	4,089	(434)	(11%)
Unrestricted	(6,062)	(4,283)	(1,779)	(42%)
Total net assets	$5,079	$7,641	($2,562)	(34%)

This schedule is prepared from the College's SNA as shown on page 11, which is presented on an accrual basis of accounting. Significant SNA changes for 2012 include a decrease in federal grants.

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.

Acadiana Technical College
Comparative Statement of Revenues, Expenses
and Changes in Fund Net Assets
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011 (Restated)	Variance	Percentage Change
Operating revenues				
Student tuition and fees, net	$2,345	$1,706	$639	37%
Grants and contracts	3,654	5,251	(1,597)	(30%)
Sales and services of educational departments	12	125	(113)	(90%)
Auxiliary enterprises, net	143	203	(60)	(30%)
Other	4	158	(154)	(97%)
Total operating revenues	6,158	7,443	(1,285)	(17%)
Operating expenses				
Education and general:				
Instruction	12,174	13,261	(1,087)	(8%)
Academic support	966	996	(30)	(3%)
Student services	2,027	1,918	109	6%
Institutional support	2,400	3,131	(731)	(23%)
Operations and maintenance of plant	3,494	2,545	949	37%
Depreciation	1,320	1,261	59	5%
Scholarships and fellowships	6,815	9,404	(2,589)	(28%)
Auxiliary enterprises	246	168	78	46%
Other operating expenses	522	302	220	73%
Total operating expenses	29,964	32,986	(3,022)	(9%)
Operating loss	(23,806)	(25,543)	1,737	(7%)
Nonoperating Revenues				
State appropriations	11,245	11,795	(550)	(5%)
Federal nonoperating revenues	9,380	15,252	(5,872)	(38%)
Other nonoperating revenues	619	10	609	6090%
Net nonoperating revenues	21,244	27,057	(5,813)	(21%)
Change in net assets	(2,562)	1,514	(4,076)	(269%)
Net assets, beginning of year, restated	7,641	6,127	1,514	25%
Net assets, end of year	$5,079	$7,641	($2,562)	(34%)

Nonoperating revenues decreased by 21% to $21,244, primarily attributable to a decrease in American Recovery and Reinvestment Act State Fiscal Stabilization funds and a decrease in PELL grant awards.

State appropriations changed from $11,795 to $11,245 because of a reduction in state funding. The State of Louisiana issued mid-year cuts and year-end cuts in state appropriations.

The College’s operating revenues decreased by $1,285 to $6,158 in 2012. The decrease is primarily attributable to a decrease in federal funds and state grant funds and reclassification of the Rapid Response Grant from state grants and contracts to other nonoperating revenues from 2011 to 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the College had invested approximately $7,486 in capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $349 or 4% over the previous fiscal year. More detailed information about the College's capital assets is presented in note 1G and note 4 to the financial statements.

Acadiana Technical College
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2012 and 2011

	2012	2011	Variance	Percentage Change
Land and improvements	$1,413	$1,413		0%
Buildings	2,237	2,576	($339)	(13%)
Equipment	3,836	3,846	(10)	0%
Total	$7,486	$7,835	($349)	(4%)

This year’s major additions included (in thousands):

- Centrifugal Pump $80
- Cessna Aircraft $85
- Engine Trainer $60
- Security System $49

Debt

The College had no bonds or notes outstanding at year-end.

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:

- Increase in tuition
- Merger with South Louisiana Community College effective July 1, 2012
- Improvement in the economy

CONTACTING THE ACADIANA TECHNICAL COLLEGE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Acadiana Technical College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carla Ortego, Director of Accounting, at carla.ortego@southlouisiana.edu.

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

Statement of Net Assets
June 30, 2012

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$9,212,718
Receivables, net (note 3)	385,336
Due from federal government (note 3)	99,373
Due from Louisiana Community and Technical College System	603,128
Inventories	82,943
Total current assets	10,383,498
Noncurrent assets:	
Capital assets, net (note 4)	7,486,463
Total assets	17,869,961
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 9)	472,647
Deferred revenues (note 10)	235,342
Compensated absences payable (notes 11 and 13)	197,506
Amounts held in custody for others	274,171
Total current liabilities	1,179,666
Noncurrent liabilities:	
Compensated absences payable (notes 11 and 13)	1,049,540
Other postemployment benefits payable (notes 8 and 13)	10,562,100
Total noncurrent liabilities	11,611,640
Total liabilities	12,791,306
NET ASSETS	
Invested in capital assets	7,486,463
Restricted - expendable (note 14)	3,654,965
Unrestricted	(6,062,773)
TOTAL NET ASSETS	$5,078,655

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

OPERATING REVENUES	
Student tuition and fees	$5,501,706
Less scholarship allowances	(3,156,719)
Net student tuition and fees	2,344,987
Federal grants and contracts	3,208,231
State and local grants and contracts	443,306
Nongovernmental grants and contracts	2,398
Sales and services of educational departments	11,890
Auxiliary enterprise revenue	254,123
Less scholarship allowances	(110,508)
Net auxiliary revenues	143,615
Other operating revenues	4,100
Total operating revenues	6,158,527
OPERATING EXPENSES	
Educational and general:	
Instruction	12,173,645
Academic support	966,574
Student services	2,027,409
Institutional support	2,399,712
Operations and maintenance of plant	3,494,206
Depreciation (note 4)	1,319,974
Scholarships and fellowships	6,814,774
Auxiliary enterprises	245,961
Other operating expense	521,823
Total operating expenses	29,964,078
OPERATING LOSS	(23,805,551)

(Continued)

The accompanying notes are an integral part of this statement.

ACADIANA TECHNICAL COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

NONOPERATING REVENUES	
State appropriations	$11,244,462
Federal nonoperating revenues	9,380,285
Net investment income	15,757
Other nonoperating revenues	603,170
Net nonoperating revenues	21,243,674
DECREASE IN NET ASSETS	(2,561,877)
NET ASSETS AT BEGINNING OF YEAR, RESTATED (note 15)	7,640,532
NET ASSETS AT END OF YEAR	$5,078,655

(Concluded)

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
For the Year Ended June 30, 2012

Cash Flows From Operating Activities:	
Tuition and fees	$2,330,772
Grants and contracts	3,981,378
Sales and services of educational departments	11,890
Auxiliary enterprise receipts	153,810
Payments for employee compensation	(10,048,690)
Payments for benefits	(4,583,305)
Payments for utilities	(838,755)
Payments for supplies and services	(5,449,282)
Payments for scholarships and fellowships	(6,759,609)
Other payments	(391,345)
Net cash used by operating activities	(21,593,136)
Cash Flows From Noncapital Financing Activities:	
State appropriations	12,279,564
Gifts and grants for other than capital purposes	9,903,736
TOPS receipts	118,895
TOPS disbursements	(118,895)
Other receipts	87,057
Net cash provided by noncapital financing activities	22,270,357
Cash Flows From Capital Financing Activities:	
Purchases of capital assets	(978,381)
Net cash used by capital financing activities	(978,381)
Cash Flows From Investing Activities:	
Interest received on investments	15,757
Net cash provided by investing activities	15,757

(Continued)

The accompanying notes are an integral part of this statement.

ACADIANA TECHNICAL COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
Statement of Cash Flows, 2012

Net decrease in cash and cash equivalents	($285,403)
Cash and cash equivalents at beginning of year	9,498,121
Cash and cash equivalents at end of year	$9,212,718
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	($23,805,551)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,319,974
Changes in assets and liabilities:	
Decrease in accounts receivable, net	335,898
(Increase) in inventories	(12,426)
Decrease in prepaid expenses	13,790
(Decrease) in accounts payable	(103,014)
(Decrease) in deferred revenue	(12,178)
Increase in amounts held in custody for others	126,378
(Decrease) in compensated absences	(174,317)
Increase in OPEB payable	718,310
Net cash used by operating activities	($21,593,136)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions:	
Noncash loss on disposal of capital assets	($7,338)

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

Acadiana Technical College (College) is a publicly supported institution of higher education. The College is a part of the Louisiana Community and Technical College System (System), which is a component unit of the State of Louisiana, within the executive branch of government. The College is under the management and supervision of the Board of Supervisors of the System; however, certain items, such as the annual budget of the College and changes to the degree programs and departments of instruction, require the approval of the Louisiana Board of Regents of Higher Education. As a state college, operations of the College's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The College is comprised of seven campuses located in Lafayette, Crowley, Ville Platte, St. Martinville, Abbeville, New Iberia, and Opelousas.

The College offers associate of applied science degrees in the areas of clinical laboratory technician and surgical technology. The College offers associate of applied science degrees, technical competency, technical diplomas, and certificate of technical studies in the areas of aviation maintenance technology, business office technology/administration, civil surveying and mapping technology, culinary arts and occupations, drafting and design technology, graphics, computer technology - network specialist, computer technology - network support, and industrial electronics technology.

The College also offers technical competency areas, technical diplomas, and certificate of technical studies in the areas of air conditioning and refrigeration, automotive technology, care and development of young children, carpentry, collision repair technology, diesel powered equipment technology, electrician, industrial/agriculture mechanics technology, machine tool technology, nondestructive testing technology, and welding.

Technical competency areas are offered in nurse assistant, medication attendant, commercial vehicle operations, phlebotomy, cosmetology, heavy equipment operator, patient care technician, and practical nursing with cosmetology and practical nursing also offered in technical diplomas and heavy equipment operator and patient care technician also offered in certificate in technical studies.

Certificate in technical studies are offered in areas of computer electronics technology, clinical laboratory assistant, medical assistant, and pharmacy technician. Technical diploma is also offered for barber-styling.

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

Using the criteria established in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The College is part of the 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) 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 the College.

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

Criteria described in GASB Codification Section 2100 were used to evaluate whether potential component units should be blended with the College, discretely presented, disclosed in the notes to the financial statements, or excluded from the reporting entity. This evaluation was made to identify those *component* units for which the College is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the financial statements of the College to be misleading or incomplete.

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 inter-agency transactions have been eliminated.

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

D. BUDGETARY PRACTICES

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

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and interest-bearing demand deposits. 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.

The College may also invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The College considers certificates of deposit and all highly liquid investments with an original maturity of three months or less to be cash equivalents. The College has no cash equivalents at June 30, 2012.

F. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted-average basis. The College accounts for its inventories using the consumption method.

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property (equipment), the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Buildings and improvements costing $100,000 or more are capitalized. 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.

H. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting period. Deferred revenues also include amounts received from grants that have not yet been earned.

I. 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.

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 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.

K. NET ASSETS

The College'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, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

- *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, investment income, and grants that do not have the characteristics of exchange transactions.

- *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.

- *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances is 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.

N. USE OF ESTIMATES

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

O. ELIMINATING INTERFUND ACTIVITY

Activities between the College's internal funds are eliminated for purposes of preparing the Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Net Assets.

2. CASH

At June 30, 2012, the College has cash (book balance) of $9,212,718 as follows:

Petty cash	$2,955
Demand deposits	9,209,763
Total	$9,212,718

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be recovered. Under state law, 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, 2012, the College has $9,549,049 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

3. RECEIVABLES

Receivables are shown on the Statement of Net Assets, net of allowances for doubtful accounts at June 30, 2012. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Student tuition and fees	$360,894	($91,826)	$269,068
State and private grants and contracts	110,895		110,895
Other	5,373		5,373
Total	$477,162	($91,826)	$385,336
Due from Federal Government	$99,373	NONE	$99,373

There is no noncurrent portion of receivables.

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012, follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Capital assets not being depreciated:				
Land	$1,412,772			$1,412,772
Total capital assets not being depreciated	$1,412,772	NONE	NONE	$1,412,772
Other capital assets:				
Buildings	$14,364,671			$14,364,671
Less accumulated depreciation	(11,788,267)	($339,269)		(12,127,536)
Total buildings	2,576,404	(339,269)	NONE	2,237,135
Equipment	10,940,117	978,381	($239,631)	11,678,867
Less accumulated depreciation	(7,093,899)	(980,705)	232,293	(7,842,311)
Total equipment	3,846,218	(2,324)	(7,338)	3,836,556
Total other capital assets	$6,422,622	($341,593)	($7,338)	$6,073,691
Capital asset summary:				
Capital assets not being depreciated	$1,412,772			$1,412,772
Other capital assets, at cost	25,304,788	$978,381	($239,631)	26,043,538
Total cost of capital assets	26,717,560	978,381	(239,631)	27,456,310
Less accumulated depreciation	(18,882,166)	(1,319,974)	232,293	(19,969,847)
Capital assets, net	$7,835,394	($341,593)	($7,338)	$7,486,463

5. CAPITAL ASSETS HELD BY OTHERS

Major renovations to the existing Gulf Area Campus were completed during the year and construction is approved for a new building at the Evangeline Campus. The College also began to implement Banner during the year. The renovations and some of the Banner implementation costs were funded by bonds issued by the LCTCS Facilities Corporation in accordance with Act 391 of the 2007 Regular Legislative Session. The cost of building renovations and new construction along with the related bond debt are recorded in the LCTCS financial statements through the blending of the LCTCS Facilities Corporation with LCTCS. The Banner asset will be capitalized by the LCTCS Board Office.

6. PENSION PLANS

Plan Description. Substantially all employees of the College are members of two statewide, public employee retirement systems. Academic employees are generally members of the Teachers' Retirement System of Louisiana (TRSL), and classified and unclassified state employees are 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. 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 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 retirement systems issue annual publicly available financial reports that include financial statements and required supplementary information. The TRSL reports may be obtained online at www.trsl.org or by writing to the Teachers' Retirement System of Louisiana at Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. The LASERS reports may be obtained online at www.lasersonline.org or by writing the Louisiana State Employees' Retirement System at Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or 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 Louisiana Revised Statute (R.S.) 11:102. For fiscal year 2012, employees contributed 8% (TRSL) and 7.5% (LASERS) of covered salaries (8% for LASERS employees hired after July 1, 2006). For fiscal year 2012, the state is required to contribute 23.7% of covered salaries to TRSL and 25.6% of covered salaries to LASERS. 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, 2012, 2011, and 2010 were $1,920,260; $1,683,118; and $1,451,254, respectively, and to LASERS for the years ended June 30, 2012, 2011, and 2010 were $325,673; $276,913; and $269,230, respectively, equal to the required contributions for each year.

7. 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 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 College equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by the College are 23.7% of the covered payroll for fiscal year 2012. The participant's contribution, which was 8% for fiscal year 2012, 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 $5,642 and $1,900, respectively, for the fiscal year ended June 30, 2012.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Employees of the College voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in 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 plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the College are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Medical Home HMO Plan, and the Regional HMO Plan. OGB also offers a Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA) for active employees. 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 PPO plans) during calendar years 2011 and 2012. The three HMO plans are Humana HMO Plan, Peoples Health HMO-POS Plan, and Vantage HMO-POS Plan. The two PPO plans are Humana PPO Plan and United Healthcare PPO Plan.

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

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

Effective January 1, 2012, the Plan changed from a fiscal year plan to a calendar year plan. On this date, the rates increased 5% for the PPO, HMO, and CDHP plans; 7% for the MHHP plan; and 0% for the fully insured HMO. For Medicare Advantage Plans, the rates increased by 0.67% for Humana PPO; 7.59% for Humana HMO; 45.22% for Peoples HMO; 8.14% for Vantage HMO; and 7.69% for United PPO. Shown on the next page are the total monthly premium rates in effect from January 1, 2012, through June 30, 2012.

	PPO	HMO	CPHP with HSA	Medical Home HMO Health Plan	Regional HMO Health Plan
Active					
Single	$619	$585	$481	$609	$553
With Spouse	1,315	1,243	1,021	1,294	1,158
With Children	755	714	586	743	672
Family	1,387	1,310	1,077	1,364	1,221
Retired No Medicare and Re-employed Retiree					
Single	1,152	1,092	NA	1,133	1,016
With Spouse	2,034	1,928	NA	2,001	1,783
With Children	1,283	1,216	NA	1,262	1,130
Family	2,025	1,919	NA	1,991	1,775
*Retired with 1 Medicare					
Single	375	361	NA	368	341
With Spouse	1,384	1,320	NA	1,361	1,218
With Children	648	621	NA	638	579
Family	1,844	1,757	NA	1,814	1,618
*Retired with 2 Medicare					
With Spouse	673	648	NA	662	600
Family	834	802	NA	820	740

*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 2012		Calendar Year 2011	
	Retired with		Retired with	
Medicare Supplemental Rates	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Humana (HMO Plan)	$156	$312	$145	$290
People's Health (HMO Plan)	167	334	115	230
Vantage (HMO Plan)	279	558	258	516
Humana (PPO Plan)	150	300	149	298
United Health Care (PPO Plan)	214	428	199	397

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. The monthly premium is reduced to less than $1 per thousand for retired employees age 70 and over. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability - The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2012 is $1,932,500.

The following schedule presents the components of the College's annual OPEB cost for fiscal year 2012, the amount actually contributed to the plan, and changes in the College's net OPEB obligation to the OPEB plan:

ARC	$1,932,500
Interest on net OPEB obligation	393,700
ARC adjustment	(376,100)
Annual OPEB cost	1,950,100
Contributions made - current year retiree premiums	(1,231,790)
Increase in net OPEB obligation	718,310
Beginning net OPEB obligation at June 30, 2011	9,843,790
Ending net OPEB obligation at June 30, 2012	$10,562,100

The College's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2012, 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, 2010	$3,061,276	36%	$8,324,998
June 30, 2011	$2,664,887	43%	$9,843,790
June 30, 2012	$1,950,100	63%	$10,562,100

Funded Status and Funding Progress - During fiscal year 2012, neither the College nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the College's entire actuarial accrued liability (AAL) of $28,171,400 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2011, was as follows:

AAL	$28,171,400
Actuarial value of plan assets	NONE
UAAL	$28,171,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$6,961,813
UAAL as percentage of covered payroll	405%

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, 2011, 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 7.5% and 8.6% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's 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 costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

9. ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2012, are as follows:

Vendors	$157,408
Salaries and benefits	315,239
Total	$472,647

10. DEFERRED REVENUES

For the year ended June 30, 2012, the amount of tuition and fees, grants, and other income recorded prior to the end of the fiscal year but related to the subsequent accounting period is as follows:

Tuition and fees	$229,985
Grants and contracts	5,357
Total	$235,342

11. COMPENSATED ABSENCES

At June 30, 2012, employees of the College have accumulated and vested annual, sick, and compensatory leave benefits of $767,858; $474,815; and $4,373, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2012, total operating lease expenditures were $84,000. There were no future minimum annual rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012.

13. LONG-TERM LIABILITIES

The following is a summary of changes in the College's long-term liabilities for the year ended June 30, 2012:

	Restated Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Accrued compensated absences	$1,421,363	$392,798	($567,115)	$1,247,046	$197,506
Other postemployment benefits	9,843,790	1,950,100	(1,231,790)	10,562,100	
Total	$11,265,153	$2,342,898	($1,798,905)	$11,809,146	$197,506

14. RESTRICTED NET ASSETS

At June 30, 2012, the College has $3,654,965 in restricted expendable net assets as follows:

Student technology fee	$332,003
Student government	108,792
Vehicle registration fee	77,714
Academic excellence fee	2,368,431
Operational fee	249
Grants, contracts, and donations	767,776
Total	$3,654,965

Of the total restricted net assets at June 30, 2012, $2,778,397 is restricted by enabling legislation.

15. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on Statement B have been restated to reflect the following adjustments:

Net Assets at June 30, 2011	$6,864,105
Revenue earned in prior years	776,427
Net Asset at June 30, 2012, restated	$7,640,532

16. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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. The College does not have any contingent liabilities to disclose at June 30, 2012.

17. FOUNDATION

The accompanying financial statements do not include the accounts of the Louisiana Technical College Region 4 Foundation. 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 independent certified public accountants.

18. 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's Web site at www.lla.la.gov.

19. AMERICAN RECOVERY AND REINVESTMENT ACT

American Recovery and Reinvestment Act (ARRA) expenses incurred in fiscal year 2012 consisted of the following programs and amounts:

Programs:	
High Growth and Emerging Industries	$1,334,911
Empower Lousiana State Buildings Program	44,780
Community Services Block Grant	450
Total ARRA revenues	$1,380,141

20. SUBSEQUENT EVENTS

During the 2012 Louisiana Legislative Session, Senate Bill 284 was introduced to merge the campuses of Acadiana Technical College with South Louisiana Community College. The legislation was approved as Act 767 and signed into law by Governor Bobby Jindal on June 12, 2012. The merger was approved by the Louisiana Community and Technical College System Board of Supervisors in June 2012 with an effective date of July 1, 2012.

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 of the other postemployment benefits plan, including the unfunded actuarial accrued liability.

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

Schedule of Funding Progress for the Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2012

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, 2009	NONE	$41,757,500	$41,757,500	0.0%	$8,708,506	480%
July 1, 2010	NONE	$38,798,200	$38,798,200	0.0%	$7,490,176	518%
July 1, 2011	NONE	$28,171,400	$28,171,400	0.0%	$6,961,813	405%

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The 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

November 1, 2012

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*

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

We have audited the basic financial statements of Acadiana Technical College (College), a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. 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

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 a 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.

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 above. However, we identified certain deficiencies in internal control over financial reporting, described in the following paragraphs, that we consider to be significant deficiencies in internal controls over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

Late Return of Federal Pell Grant Program Funds

For five of the 20 (25%) Pell Grant students tested during our fiscal year 2012 audit, the College did not return Pell Grant funds totaling $4,092 to the U.S. Department of Education or issue post-withdrawal disbursements totaling $514 to these students within the required 45-day period after determination that the students had withdrawn from classes. As a result, the College is in noncompliance with Pell Grant regulations. The late returns ranged from 23 to 123 days after the required 45-day period.

This was the fifth consecutive audit that the College did not maintain sufficient controls over the Federal Pell Grant Program (CFDA 84.063) to perform the return of funds calculations timely and to ensure the timely return of funds when a student withdraws.

Management should implement monitoring procedures to ensure that campus financial aid administrators identify students who officially and unofficially withdraw, perform the return of funds calculations, and timely notify the Business Office of funds that need to be returned to the U.S. Department of Education or issued to the student as a post-withdrawal disbursement. In addition, management should emphasize compliance with federal regulations and program guidance to the appropriate employees through training and guidance. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Noncompliance with Hardship Waivers' Requirements

The College did not properly notify students of hardship waivers for the academic excellence and operational fees. This noncompliance may cause a financial loss for students who were eligible for the waivers.

The College updated policy FIN 102 during fiscal year 2012 to comply with the Louisiana Community and Technical College System (LCTCS) policy to allow for a hardship waiver of the academic excellence and operational fees, but the policy has not been appropriately made available to students. The current student catalog does not contain the policy, nor does it reference the policy. In addition, the College's Web site contains a link to the old policy that was not compliant with the LCTCS policy. As of March 14, 2012, the College had not received any applications for nor granted any hardship waivers for the fiscal year ending June 30, 2012.

This is the second consecutive year that the College did not comply with LCTCS policy (5.021) and state law [Louisiana Revised Statute 17:3351(A)(5)(d)]. Failure to properly notify students of the availability of hardship waivers for the academic excellence and operational fees results in noncompliance with LCTCS policy and state law.

Management should follow LCTCS policy and state law to ensure that students are properly notified of the hardship waivers. Management concurred with the finding and provided a corrective action plan. (see Appendix A, pages 3-4).

The College's responses to the findings identified in this report are attached in Appendix A. We did not audit the College's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the College's management, LCTCS, the LCTCS 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

RJM:BH:EFS:THC:ch

ATC12

APPENDIX A

Management's Corrective Action Plans and Responses to the Findings and Recommendations

South Louisiana Community College

320 Devalcourt
Lafayette, LA 70506
Phone: (337) 521-8896

Office of the Chancellor

October 5, 2012

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

RE: **Late Return of Federal Pell Grant Program Funds**

Dear Mr. Purpera:

In response to the above-referenced audit finding, Acadiana Technical College College (ATC) submits the following:

RESPONSE:

Acadiana Technical College concurs with the audit findings and recommendations.

CORRECTIVE ACTIONS:

Acadiana Technical College and South Louisiana Community College (SLCC) has merged effective July 1, 2012. Management of SLCC recognizes the importance of compliance with Federal regulations and guidance and training to appropriate employees.
The corrective action that will and/or have been employed:

- A new and automated system for the overall administration of Federal Pell Grant funds.
    - ATC is now using the Banner student information system for student enrollment and financial aid administration which interfaces with the finance module.
- The College is in the process of restructuring the Financial Aid Office. The restructured model will have a centralized processing component. Specific staff members are designated for processing Return of Title IV funds rather than individual staff from each campus performing those duties.

- As part of the reorganization of the financial aid office, an Assistant Financial Aid Director will be responsible for training all financial aid staff on the compliance with federal regulations and program guidance.

Through the Director of Financial Aid, the person responsible for corrective action is the Vice Chancellor of Student Services.

Sincerely,

Natalie J. Harder, PhD
Chancellor

South Louisiana Community College

320 Devalcourt
Lafayette, LA 70506
Phone: (337) 521-8896

Office of the Chancellor

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

RE: **Noncompliance with Hardship Waivers' Requirements**

Dear Mr. Purpera:

In response to the above-referenced audit finding, Acadiana Technical College College (ATC) submits the following:

RESPONSE:

Acadiana Technical College concurs with the audit findings and recommendations.

CORRECTIVE ACTIONS:

Acadiana Technical College and South Louisiana Community College (SLCC) has merged effective July 1, 2012. Management of SLCC recognizes the importance of compliance with LCTCS policy and state laws. The following corrective actions will/have been employed:

- Future SLCC catalogs will include information about the technical college programs and the academic courses.
- The college policy on hardship waivers for the academic excellence and operational fees has been updated and will be included in the catalog.
- The college's website has a link to the updated policy that is in compliance with the LCTCS policy.
- Student services staff (counselors, advisors, financial aid officers, and registrar) and business office cashiers are all aware of the hardship policy and will also inform the students.

Through student services management, the person responsible for corrective action is Rochelle I. Moore, Vice Chancellor of Student Services.

Sincerely,

Natalie J. Harder, PhD
Chancellor