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

Accountant's Review Report
For the Year Ended June 30, 2010
Issued February 9, 2011

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

January 13, 2011

Accountant's Review Report

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

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

A review consists principally of inquiries of Delgado Community College personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in note 1-B to the basic financial statements, the accompanying financial statements of Delgado Community College are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of Delgado Community College. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System or the State of Louisiana as of June 30, 2010, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Management's discussion and analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 39 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from the information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the required supplementary information.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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DCC 2010

The Management's Discussion and Analysis of Delgado Community College's (college) financial performance presents a narrative overview and analysis of college's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the college's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The college's net assets increased from $25,284,182 to $27,538,795 or 8.9% from July 1, 2009, to June 30, 2010. The primary reason for this change is due to the increase in tuition and fees based on an increase in enrollment and an increase in construction-in-progress for the repair of buildings impaired by Hurricane Katrina in 2005.

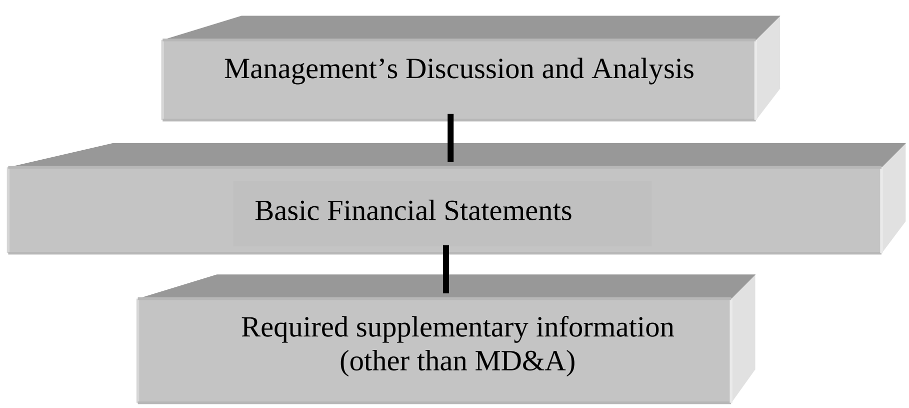
Enrollment changed from 21,449 to 24,191 from July 1, 2009, to June 30, 2010, a change of 12.8%. The reason for the increase in enrollment is the downturn in the economy that has resulted in many individuals returning to school to obtain marketable skills. A second reason is the steady increase in students returning since the impact of Hurricane Katrina that occurred in 2005.

The college's operating revenues changed from $42,019,651 to $38,097,410 or 9.3% from July 1, 2009, to June 30, 2010. Operating expenses, however, changed by 6.2% to $117,147,407 for the year ended June 30, 2010. The changes in enrollment as discussed above are the primary reasons for this change.

Net nonoperating revenues fluctuate depending upon levels of state operating and capital appropriations. The change to $76,156,743 in 2010 from $64,831,936 in 2009 is attributed to an increase in federal grants related to the increase in enrollment.

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 (pages 11-12) 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 13-14) 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 15-16) 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 other supplementary information that further explains and supports the information in the financial statements.

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

FINANCIAL ANALYSIS

Delgado Community College
Comparative Statement of Net Assets
As of June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Assets				
Current and other assets	$39,120,395	$32,182,293	$6,938,102	22%
Capital assets	37,587,584	31,836,864	5,750,720	18%
Total assets	76,707,979	64,019,157	12,688,822	20%
Liabilities				
Current liabilities	20,438,382	15,573,295	4,865,087	31%
Long-term liabilities	28,730,802	23,161,680	5,569,122	24%
Total liabilities	49,169,184	38,734,975	10,434,209	27%
Net assets				
Invested in capital assets	34,032,584	28,136,864	5,895,720	21%
Restricted	8,209,557	6,224,650	1,984,907	32%
Unrestricted	(14,703,346)	(9,077,332)	(5,626,014)	-62%
Total net assets	$27,538,795	$25,284,182	$2,254,613	9%

This schedule is prepared from the college's SNA as shown on pages 11-12, which is presented on an accrual basis of accounting. Significant SNA changes for 2010 include a decrease in unrestricted net assets because of the recognition of an additional $5,368,800 liability for postemployment retirement benefits, as well as an increase in capital assets because of an additional $6.6 million in construction-in-progress as previously explained.

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.

See accountant's review report.

Delgado Community College
Comparative Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Operating revenues				
Student tuition and fees, net	$23,510,307	$24,930,023	($1,419,716)	-6%
Grants and contracts	13,215,692	16,095,684	(2,879,992)	-18%
Auxiliary enterprises, net	656,135	462,094	194,041	42%
Other	715,276	531,850	183,426	34%
Total operating revenues	38,097,410	42,019,651	(3,922,241)	-9%
Operating expenses				
Education and general:				
Instruction	56,423,255	54,112,032	2,311,223	4%
Academic support	5,667,407	6,179,581	(512,174)	-8%
Student services	8,025,784	8,627,273	(601,489)	-7%
Institutional support	7,898,812	8,378,482	(479,670)	-6%
Operations and maintenance of plant	10,121,392	10,270,096	(148,704)	-1%
Depreciation	1,761,195	1,717,615	43,580	3%
Scholarship and fellowships	25,706,804	19,462,535	6,244,269	32%
Auxiliary enterprises	1,010,261	910,655	99,606	11%
Other operating expenses	532,497	693,943	(161,446)	-23%
Total operating expenses	117,147,407	110,352,212	6,795,195	6%
Operating loss	(79,049,997)	(68,332,561)	(10,717,436)	-16%
Nonoperating Revenue (Expenses)				
State appropriations	31,980,908	43,367,423	(11,386,515)	-26%
American Recovery and Reinvestment Act revenues	5,868,081		5,868,081	100%
Gifts	11,960	8,301	3,659	44%
Federal nonoperating revenues	35,966,670	19,898,330	16,068,340	81%
Other nonoperating revenues (expenses)	2,329,124	1,557,882	771,242	50%
Net nonoperating revenues	76,156,743	64,831,936	11,324,807	17%
Loss before other revenues, expenses, gains, losses	(2,893,254)	(3,500,625)	607,371	-17%
Capital appropriations	5,097,867	8,187,749	(3,089,882)	-38%
Additions to permanent endowment	50,000	100,000	(50,000)	-50%
Other additions (expenses), net		(49,421)	49,421	100%
Changes in net assets	2,254,613	4,737,703	(2,483,090)	-52%
Net assets, beginning of year	25,284,182	20,546,479	4,737,703	23%
Net assets, end of year	$27,538,795	$25,284,182	$2,254,613	9%

See accountant's review report.

Net nonoperating revenues increased by 17% to $76 million, primarily attributable to American Recovery and Reinvestment Act revenues and the increase in Federal Pell Grants because of an increase in enrollment. State appropriations decreased from $43.4 million to $32 million because of the reduced funding from the state for the support of higher education.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, the college had invested approximately $37,587,584 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $5,750,720 or 18% over the previous fiscal year. More detailed information about the system's capital assets is presented in note 6 to the financial statements.

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

	2010	2009	Variance	Percentage Change
Land and improvements	$1,105	$1,122	($17)	-2%
Buildings	14,963	15,706	(743)	-5%
Equipment	4,105	4,186	(81)	-2%
Construction-in-progress	17,415	10,823	6,592	61%
Total	$37,588	$31,837	$5,751	18%

This year's major additions included approximately $6.6 million in construction in progress. Repairs on the Administration Building, the Student Life Center, and the Childcare Facility were a significant part of this increase.

Debt

The college had $28,995,783 in obligations outstanding at year-end, compared to $23,607,676 last year, an increase of 22.8 % as shown in the following table.

See accountant's review report.

Delgado Community College
Obligations
(in thousands of dollars)
As of June 30, 2010 and 2009

	2010	2009	Variance	Percentage Change
Capital lease obligations	$3,555	$3,700	($145)	-3.9%
Compensated absences	4,654	4,490	164	3.7%
Postemployment benefits	20,786	15,418	5,368	34.8%
Total	$28,995	$23,608	$5,387	

New liabilities resulted from the recognition of additional postemployment benefits payable. See notes 14 and 15 for details relating to changes in and the composition of liabilities and capital leases.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The college is still experiencing growth in enrollment since Hurricane Katrina in 2005. We expect that with the declining economy, our enrollment will continue to grow. However, the declining economy may also cause decreases in support from the state.

CONTACTING THE COLLEGE'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the college's finances and to show the college's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ronald L. Rodriguez at (504) 762-3009.

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

Statement of Net Assets
June 30, 2010

ASSETS	
Current assets:	
Cash (note 2)	$14,394,838
Receivables, net (note 4)	18,563,900
Due from federal government	2,162,347
Due from Louisiana Community and Technical College System	530,018
Deferred charges and prepaid expenses	519,562
Total current assets	36,170,665
Noncurrent assets:	
Restricted assets - investments (note 3)	2,927,647
Notes receivable, net (note 5)	22,083
Capital assets, net (note 6)	37,587,584
Total noncurrent assets	40,537,314
Total assets	76,707,979
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	6,446,605
Due to Louisiana Community and Technical College System	100
Deferred revenues (note 8)	13,646,536
Compensated absences payable (notes 12 and 15)	214,981
Capital lease obligations (notes 14 and 15)	50,000
Other current liabilities	80,160
Total current liabilities	20,438,382
Noncurrent liabilities:	
Compensated absences payable (notes 12 and 15)	4,439,362
Capital lease obligations (notes 14 and 15)	3,505,000
Other postemployment benefits payable (note 11)	20,786,440
Total noncurrent liabilities	28,730,802
Total liabilities	49,169,184

(Continued)

See accompanying notes and accountant's review report.

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Net Assets
June 30, 2010

NET ASSETS	
Invested in capital assets, net of related debt	$34,032,584
Restricted for:	
Nonexpendable (note 16)	2,682,105
Expendable (note 16)	5,527,452
Unrestricted	(14,703,346)
TOTAL NET ASSETS	$27,538,795

(Concluded)

See accompanying notes and accountant's review report.

DELGADO COMMUNITY 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, 2010

OPERATING REVENUES	
Student tuition and fees	$41,248,081
Less scholarship allowances	(17,737,774)
Net student tuition and fees	23,510,307
Federal grants and contracts	6,083,210
State and local grants and contracts	6,887,123
Nongovernmental grants and contracts	245,359
Auxiliary enterprise revenues	656,135
Other operating revenues	715,276
Total operating revenues	38,097,410
OPERATING EXPENSES	
Educational and general:	
Instruction	56,423,255
Academic support	5,667,407
Student services	8,025,784
Institutional support	7,898,812
Operations and maintenance of plant	10,121,392
Depreciation (note 6)	1,761,195
Scholarships and fellowships	25,706,804
Auxiliary enterprise	1,010,261
Interagency expense	252,402
Other operating expenses	280,095
Total operating expenses	117,147,407
OPERATING LOSS	(79,049,997)

(Continued)

See accompanying notes and accountant's review report.

DELGADO COMMUNITY 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, 2010

NONOPERATING REVENUES (Expenses)	
State appropriations	$31,980,908
American Recovery and Reinvestment Act revenues	5,868,081
Gifts	11,960
Federal nonoperating revenues	35,966,670
Net investment income	385,954
Interest expense	(216,585)
Loss on disposal of equipment	(15,168)
Other nonoperating revenues	2,174,923
Net nonoperating revenues	76,156,743
LOSS BEFORE OTHER REVENUES	(2,893,254)
Capital appropriations	5,097,867
Additions to permanent endowments	50,000
INCREASE IN NET ASSETS	2,254,613
NET ASSETS AT BEGINNING OF YEAR	25,284,182
NET ASSETS AT END OF YEAR	$27,538,795

(Concluded)

See accompanying notes and accountant's review report.

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

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

Cash Flows From Operating Activities:	
Tuition and fees	$41,284,263
Grants and contracts	16,798,689
Auxiliary enterprise receipts	656,135
Payments for employee compensation	(54,764,315)
Payments for benefits	(8,386,480)
Payments for utilities	(3,081,800)
Payments for supplies and services	(41,988,253)
Payments for scholarships and fellowships	(17,737,774)
Other receipts	715,276
Net cash (used) by operating activities	(66,504,259)
Cash Flows From Noncapital Financing Activities:	
State appropriations	31,912,632
American Recovery and Reinvestment Act revenues	5,868,081
Gifts and grants for other than capital purposes	508,953
Private gifts for endowment purposes	50,000
Pell grant receipts	35,469,677
Tuition Opportunity Program for Students receipts	823,150
Tuition Opportunity Program for Students disbursements	(863,010)
Federal Emergency Management Agency receipts	1,329,491
Federal Emergency Management Agency disbursements	(1,576,162)
Other receipts	1,677,929
Net cash provided by noncapital financing activities	75,200,741
Cash Flows From Capital Financing Activities:	
Purchases of capital assets	(2,429,215)
Principal paid on capital debt and leases	(145,000)
Interest paid on capital debt and leases	(216,585)
Net cash (used) by capital financing activities	(2,790,800)

(Continued)

See accompanying notes and accountant's review report.

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
Statement of Cash Flows, June 30, 2010

Cash Flows From Investing Activities:	
Interest received on investments	$385,954
Purchase of investments	(236,418)
Net cash provided by investing activities	149,536
Net increase in cash	6,055,218
Cash at beginning of year	8,339,620
Cash at end of year	$14,394,838
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	($79,049,997)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,761,195
Changes in assets and liabilities:	
Decrease in accounts receivable, net	308,931
(Increase) in deferred charges and prepaid expenses	(103,597)
Increase in accounts payable and accrued liabilities	1,705,347
Increase in deferred revenue	3,310,248
Increase in compensated absences	164,307
Increase in other postemployment benefits payable	5,368,800
Increase in other liabilities	30,507
Net cash (used) by operating activities	($66,504,259)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions:	
Capital appropriations	$5,097,867
Loss on disposal of assets	(15,168)

(Concluded)

See accompanying notes and accountant's review report.

INTRODUCTION

Delgado Community College (college) is a publicly supported institution of higher education. The college is a part of the Louisiana Community and Technical College System (LCTCS), which is a component unit of the State of Louisiana, within the executive branch of government. The college is under the management and supervision of the Board of Supervisors of LCTCS; 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 Board of Regents for Higher Education. As a state college, operations of the college's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The college's main campus is located in New Orleans adjacent to City Park. Other campuses are located on the New Orleans Westbank, at the Charity School of Nursing, and in Slidell, Louisiana. The college offers associate degrees, diplomas, and certificates in various academic areas. Student enrollment at the college was 7,449; 16,715; and 17,208, respectively, during the summer, fall, and spring semesters of fiscal year 2010. At June 30, 2010, the college employs approximately 429 full-time faculty and staff members and 195 summer employees.

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 LCTCS, which is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the colleges within the system primarily serve state residents. The accompanying 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 LCTCS amounts. The Louisiana Legislative Auditor audits the basic financial statements of LCTCS and the state.

C. BASIS OF ACCOUNTING

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

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 general fund appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. The Joint Legislative Committee on the Budget grants budget revisions. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated, but are recognized in the succeeding year; and (4) certain capital leases are not recorded. The other funds of the college, although subject to internal budgeting, are not required to submit budgets for approval through the legislative process.

E. CASH AND INVESTMENTS

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. 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 Louisiana Revised Statute (R.S.) 49:327(c)(3), 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. In addition, investments are maintained in investment accounts in an external banking institution as authorized by policies and procedures established by the Board of Regents and are reported at fair value in accordance with GASB Statement 31. Changes in the carrying value of investments, resulting in unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

F. NONCURRENT RESTRICTED INVESTMENTS

Restricted investments consist of endowments and similar type accounts for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity.

G. CAPITAL ASSETS

The college follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. Construction-in-progress costs are capitalized during construction. For movable property, the college's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. Any infrastructure exceeding $3 million must be capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings, 20 years for depreciable land improvements, and three to 10 years for most movable property. Library collections regardless of age with a total acquisition value of $5 million or more will be capitalized and depreciated. The college does not have infrastructure.

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 grant and contract sponsors that have not yet been earned.

I. COMPENSATED ABSENCES

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

Upon separation of employment, both classified and 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, 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 for the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System but not for the Optional Retirement System.

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.

J. NONCURRENT LIABILITIES

Noncurrent liabilities include capital lease obligations with contractual maturities greater than one year, estimated amounts for accrued compensated absences, and other postemployment benefits (OPEB) that will not be paid within the next fiscal year.

K. NET ASSETS

Net assets comprise the various net earnings from operation, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following components:

(a) *Invested in capital assets* consists of the college's total investment in capital assets, net of accumulated depreciation.

(b) *Restricted - nonexpendable* consists of endowments and similar type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

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

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

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

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

All between the college and the college's services units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets and Statement of Net Assets.

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

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

2. CASH

At June 30, 2010, the college has cash (book balances) of $14,394,838 as follows:

Petty cash	$10,425
Demand deposits	14,384,413
Total	$14,394,838

This cash is reported on the Statement of Net Assets as follows:

Current assets	$14,394,838
Noncurrent assets	NONE
Total	$14,394,838

Custodial credit risk is the risk that in the event of a bank failure, the college's deposits may not be recovered. Under state law, the college's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2010, the college has $21,082,626 in deposits (collected bank balances), which are secured from risk by federal deposit insurance plus pledged securities held in the college's name.

3. INVESTMENTS

The college maintains investment accounts as authorized by R.S. 49:327. Investments totaling $2,927,647 are stated at fair value. Restricted investments, reported as noncurrent assets on the Statement of Net Assets, consist of endowments and similar type accounts for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity. All investment income, including changes in the fair value of investments, is reported as revenue on the financial statements. The fair values of investments at June 30, 2010, are as follows:

Type of Investment	Fair Value
Endowment Mutual Funds:	
Pooled Equity Funds	$733,582
Fixed Income Securities	1,398,408
Short-Term Federal Funds	619,116
International Equity Funds	170,750
Other	5,791
Total investments	$2,927,647

The mutual funds are held pursuant to the Eminent Scholars and Endowed Professorships Program. According to the Board of Regents policy, investment performance will be measured against a benchmark constructed to reflect (where possible) passive investment alternatives to the asset classes contained in the policy portfolio. The equities investment portion is thus expected to at least equal the performance of the S&P 500 or other nationally recognized benchmarks and the fixed income portion is expected to at least equal the Lehman Brothers Aggregate Index or other nationally recognized benchmarks. Balanced account managers will be primarily evaluated relative to the Lipper Balanced Account Index or other reasonable substitute.

To reduce overall volatility of investment returns and to provide a hedge against the effects of economic downturns, at least 40% of assets must be invested in fixed income funds. The fixed income funds are diversified among various sectors of the fixed income market. Up to 15% may be invested in quality ratings between AA and BB. The overall average quality must be AA. No more than 5% of the fixed income fund may be invested in the securities of any one issuer. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed income funds, respectively. For the fixed income securities and federal fund mutual funds totaling $2,017,524, there are no credit quality ratings.

No formal investment policy exists that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The endowment funds are audited annually by an outside certified public accounting firm.

See accountant’s review report.

4. ACCOUNTS RECEIVABLE

Receivables as shown on the Statement of Net Assets, net of an allowance for doubtful accounts, are composed of the following:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	$16,948,801	($1,566,852)	$15,381,949
State and private grants and contracts	873,405		873,405
Other	2,308,546		2,308,546
Total	$20,130,752	($1,566,852)	$18,563,900

5. NOTES RECEIVABLE

Notes receivable are comprised of loans to students under the Federal Perkins Loan Program and from other private student loan programs. Restricted federal and state contributions and interest on the loans provide the funding for the Perkins Loan Program. This program provides for the cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. If loans are determined to be uncollectible and not eligible for reimbursement by the federal government, the loans can be written off and assigned to the U.S. Department of Education. These receivables are shown as noncurrent assets on the Statement of Net Assets, net of allowance for doubtful accounts. These receivables are composed of the following for the year ended June 30, 2010:

Type	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable (Net)	Noncurrent Portion
Federal Perkins Loans	$57,075	$50,500	$6,575	$6,575
Miscellaneous private student loan programs	15,508		15,508	15,508
Total	$72,583	$50,500	$22,083	$22,083

See accountant's review report.

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Capital assets not being depreciated:				
Land	$800,000			$800,000
Construction-in-progress	10,822,980	$6,591,502		17,414,482
Total capital assets not being depreciated	$11,622,980	$6,591,502	NONE	$18,214,482
Other capital assets:				
Land improvements	$2,060,828			$2,060,828
Less accumulated depreciation	(1,739,319)	($16,346)		(1,755,665)
Total land improvements	321,509	(16,346)	NONE	305,163
Buildings	32,340,930	3,329		32,344,259
Less accumulated depreciation	(16,634,710)	(746,762)		(17,381,472)
Total buildings	15,706,220	(743,433)	NONE	14,962,787
Equipment (including library books)	10,156,359	932,252	($181,805)	10,906,806
Less accumulated depreciation	(5,970,204)	(998,087)	166,637	(6,801,654)
Total equipment	4,186,155	(65,835)	(15,168)	4,105,152
Total other capital assets	$20,213,884	($825,614)	($15,168)	$19,373,102
Capital asset summary:				
Capital assets not being depreciated	$11,622,980	$6,591,502		$18,214,482
Other capital assets, at cost	44,558,117	935,581	($181,805)	45,311,893
Total cost of capital assets	56,181,097	7,527,083	(181,805)	63,526,375
Less accumulated depreciation	(24,344,233)	(1,761,195)	166,637	(25,938,791)
Capital assets, net	$31,836,864	$5,765,888	($15,168)	$37,587,584

One building with a total carrying value of $3,449,392 remains idle at June 30, 2010, because of damages from Hurricane Katrina.

7. PAYABLES AND ACCRUALS

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

See accountant's review report.

Account Name	
Vendor payables	$648,412
Accrued salaries and payroll deductions	3,520,648
Other	2,277,545
Total	$6,446,605

8. DEFERRED REVENUES

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

Prepaid tuition and fees	$12,075,157
Prepaid rent	1,367,891
Grants and contracts	203,488
Total	$13,646,536

9. 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. 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 10 years of service with 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 reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446, and/or the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the college are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRSL) and 7.5% (8% for LASERS employees hired after July 1, 2006) of covered salaries. In fiscal year 2010, the state contributed 15.5% of covered salaries to TRSL and 18.6% of covered salaries to LASERS. The State of Louisiana, through the annual appropriation to each college, funds the employer contribution. The employer contributions to TRSL for the years ended June 30, 2010, 2009, and 2008 were $3,548,964; $3,362,336; and $3,335,668, respectively, and to LASERS for years ended June 30, 2010, 2009, and 2008 were $1,398,414; $1,429,972; and $1,507,218, respectively, equal to the required contributions for each year.

10. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid colleges 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.

Total contributions by the college are 15.5% of the covered payroll for fiscal year 2010. The participant's contribution (8.0%), 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 college. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan were $1,934,609 and $995,855, respectively, for the fiscal year ended June 30, 2010.

11. 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 State of 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 postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. Effective September 1, 2009, plan members were also offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans--three HMO plans and two private fee-for-service (PFFS) plans, which are based on a calendar year. The three HMO plans are Humana Regional HMO Plan, Peoples Health Regional HMO-POS Plan, and Vantage HMO-POS Plan. The two PFFS plans are Humana PFFS Plan and Secure Horizons Medicare Direct PFFS Plan.

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

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

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

Total Premium Rates are as follows:

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

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

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

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

Annual Other Postemployment Benefit Cost and Liability - The college's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2010 is $6,993,800.

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

Beginning net OPEB obligation at July 1, 2009	$15,417,640
ARC	6,993,800
Interest on net OPEB obligation	616,700
ARC adjustment	(589,100)
OPEB cost	7,021,400
Contributions made - current year retiree premiums	(1,652,600)
Increase in net OPEB obligations	5,368,800
Ending net OPEB obligation at June 30, 2010	$20,786,440

The college's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2010, and the preceding fiscal years were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$9,244,500	16.4%	$7,724,133
June 30, 2009	9,202,510	16.4%	15,417,640
June 30, 2010	7,021,400	23.6%	20,786,440

Funded Status and Funding Progress - During fiscal year 2010, 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, 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 $84,268,200 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2009, was as follows:

AAL	$84,268,200
Actuarial value of plan assets	NONE
UAAL	$84,268,200
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$27,440,800
UAAL as a percentage of covered payroll	307.09%

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

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

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

12. COMPENSATED ABSENCES

At June 30, 2010, employees of the college have accumulated and vested annual, sick, and compensatory leave of $1,927,736; $2,715,099; and $11,508, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

13. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are considered state liabilities and paid upon appropriation from the legislature and not the college. As of June 30, 2010, the college was involved as a defendant in one lawsuit which is being handled by contract attorneys. The attorneys have estimated a potential liability of $50,000 related to this lawsuit. This note does not include any lawsuits filed with the college system or the Office of Risk Management, the agency responsible for the state's risk management program.

14. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2010, total operating lease expenditures was $1,901,517. The following is a schedule by fiscal years of future minimum annual rental payments required under operating leases that have initial or noncancelable lease terms in excess of one year as of June 30, 2010:

	Fiscal Year					
	2011	2012	2013	2014	2015	Total
Nature of Lease - office space	$346,091	$115,952	$66,575	$57,192	$794	$586,604

The lease agreements have nonappropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period.

Capital Leases

The college records items under capital leases as assets and obligations in the accompanying financial statements. The following are schedules of future minimum lease payments under these capital leases, together with the present value of minimum lease payments:

See accountant's review report.

Fiscal Year Ending June 30,	
2011	$262,350
2012	311,456
2013	310,275
2014	308,806
2015	311,750
2016-2020	1,549,100
2021-2025	1,537,150
2026-2030	1,532,750
Total minimum lease payments	6,123,637
Less - amount representing executory costs	NONE
Net minimum lease payments	6,123,637
Less - amount representing interest	(2,568,637)
Present value of net minimum lease payments	$3,555,000

The gross amount of assets (historical cost) held under capital leases as of June 30, 2010, includes office space that totaled $ 4,395,000.

15. LONG-TERM LIABILITIES

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

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Other liabilities:					
Compensated absences payable	$4,490,036	$781,014	($616,707)	$4,654,343	$214,981
Capital lease obligations	3,700,000		(145,000)	3,555,000	50,000
Other postemployment benefits payable	15,417,640	7,021,400	(1,652,600)	20,786,440	
Total	$23,607,676	$7,802,414	($2,414,307)	$28,995,783	$264,981

16. RESTRICTED NET ASSETS

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

See accountant's review report.

Nonexpendable:	
Endowments professorships	$2,124,515
Student Life Center maintenance programs	557,590
Total nonexpendable	$2,682,105
Expendable:	
Endowments professorships	$803,131
Restricted by legislation	4,724,321
Total expendable	$5,527,452

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2010, $4,724,321 is restricted by Louisiana Revised Statute. Listed below are the net assets restricted by enabling legislation and the purpose of the restriction:

Student technology fee	$828,907
Building use fees	1,195,896
Vehicle registraton fee	667,573
Academic excellence fee	1,693,695
Preventative maintenance	338,250
Total restricted	$4,724,321

17. AFFILIATED ORGANIZATIONS

The accompanying financial statements do not include the accounts of the Delgado Community College Foundation. The foundation is not included in the college's financial statements as a component unit since they do not meet the criteria for inclusion established by the Division of Administration, Office of Statewide Reporting and Accounting Policy. The foundation is a separate corporation whose financial statements are subject to audit by independent certified public accountants.

18. RELATED PARTY TRANSACTION

The college has entered into a capital lease transaction with the Delgado Community College Foundation to finance the Student Life Center. The term of the lease is 30 years with interest payments commencing April 1, 2000. The interest is paid semiannually and principal payments are made annually commencing October 1, 2000. The college records this capital lease as an asset and an obligation in the accompanying financial statements. This capital lease is included in note 14.

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

20. SUBSEQUENT EVENTS

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

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

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

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

Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2007	NONE	$100,535,200	$100,535,200	0.0%	$46,743,362	215%
July 1, 2008	NONE	104,550,800	104,550,800	0.0%	26,583,900	393%
July 1, 2009	NONE	84,268,200	84,268,200	0.0%	27,440,800	307%

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Management Letter

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 13, 2011

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have reviewed the financial statements of Delgado Community College (college), as of and for the year ended June 30, 2010, and have issued our accountant's review report thereon dated January 13, 2011. The college is within the Louisiana Community and Technical College System (LCTCS), a component unit of the State of Louisiana. The college's accounts are an integral part of the LCTCS financial statements, upon which the Louisiana Legislative Auditor expresses opinions. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements. Accordingly, we did not express such an opinion in our accountant's review report referred to previously.

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

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

In our prior management letter on the college for the year ending June 30, 2009, we reported one finding relating to unlocated movable property. That finding has been resolved.

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

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This management letter is intended solely for the information and use of the college and its management, others within the college, LCTCS and its board of supervisors, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KML:JR:EFS:THC:dl

DCC 2010