

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Delgado Community College
State of Louisiana
New Orleans, Louisiana

December 23, 1997



Financial and Compliance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
New Orleans, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1997, and for the Years
Ended June 30, 1997 and 1998**

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 Main Plaza and New Orleans offices of the Legislative Auditor.

December 23, 1997

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA

General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1997, and for the Years
Ended June 30, 1997 and 1998

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CAROL D. KELLER, CPA, CFE
LEGISLATIVE AUDITOR

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December 17, 1997

Independent Auditor's Report
on the Financial Statements

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of Delgado Community College, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of Delgado Community College. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the 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 described in note 11 to the financial statements, the college has excluded the liability relating to compensated absences from the accompanying financial statements. In our opinion, generally accepted accounting principles require that such liability be reflected on the financial statements in the year in which the benefits accrue.

In our opinion, except for the effects of not recording the liability for compensated absences as discussed in the preceding paragraph, the accompanying general purpose financial statements present fairly, in all material respects, the financial position of Delgado Community College at June 30, 1997; the changes in fund balances; the current funds revenues, expenditures, and other changes for the years ended June 30, 1997 and 1996, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Audit Report, June 30, 1987

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 1987, on our tests of Delgado Community College's compliance with certain provisions of laws, regulations, contracts, and grants and on its internal control over financial reporting.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

SAL:WMD

ps:1000

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
ALL FUNDS**

Balance Sheet, June 30, 1997

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	UNEXPANDED	POSTPAID	
ASSETS				
Cash and cash equivalents (note 2)	\$20,000	\$748,000	\$588,000	\$40,000
Investments (note 2)		840,000	1,000,000	0-00
Accounts receivable (note 4)	880,000	400,000	1,000,000	
Notes receivable (note 5)				\$1,100
Due from other funds (note 6)	2,500,000	700,000	100,000	
Deferred charges and prepaid expenses	400,000			
Inventory	100	500,000		
Intangible assets (note 10)				
Total ASSETS	\$4,000,000	\$3,388,000	\$3,688,000	\$41,100
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$1,400,000	\$17,000	\$80,000	\$0-00
Accrued salaries	700,000			
Due to other funds (note 6)	\$34,000			
Due to other funds (note 6)	400,000	1,000	2,000,000	
Deposits held for others	1,000,000		200,000	
Deferred revenues				
Bonds payable (note 12)		2,000,000	2,000,000	0-00
Total Liabilities	3,604,000	2,017,000	2,082,000	0-00
Fund Equity				
Net investment in plant				
Fund balances				
Reserves (note 10)		1,340,000	1,500,000	
Operations - restricted				\$0-00
Operations - unrestricted	400,000	1,340,000	1,500,000	0-00
Total Fund Equity	400,000	1,340,000	1,500,000	\$0-00
TOTAL LIABILITIES AND FUND EQUITY	\$4,000,000	\$3,388,000	\$3,688,000	\$41,100

The accompanying notes are an integral part of this statement.

Statement A

ENCUMBRANCE FUNDS	PLANT FUND RETIREMENT OF INVESTMENT		INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (ORIGINATING FUND)
	UNEXPENDED				
\$67,000	\$54,000	\$10,000		\$14,000	\$125,000
390,000	190,000			0,000	1,310,000
	14,000				1,000,000
				80,000	21,000
					1,400,000
					400,000
			80,000,000		24,000,000
<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$10,000</u>	<u>\$80,000,000</u>	<u>\$80,000</u>	<u>\$80,000,000</u>
				\$400	\$1,000,000
					100,000
\$100,000	\$100,000				1,000,000
	00,000			200,000	200,000
			\$10,000	20,000	1,700,000
<u>100,000</u>	<u>100,000</u>	<u>00,000</u>	<u>\$10,000</u>	<u>20,000</u>	<u>1,700,000</u>
			00,000		00,000
			00,000		1,000,000
			00,000		1,000,000
		\$10,000			00,000
1,000,000	000,000				000,000
<u>1,000,000</u>	<u>000,000</u>	<u>10,000</u>	<u>00,000,000</u>	<u>00,000</u>	<u>00,000,000</u>
					00,000
<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$10,000</u>	<u>\$80,000,000</u>	<u>\$80,000</u>	<u>\$80,000,000</u>

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances
For the Year Ended June 30, 1997**

	CURRENT FUND			STUDENT LOAN FUND
	GENERAL	UNRESERVED	RESERVED	
Revenues and other additions:				
Miscellaneous current fund receipts	\$5,000.00*			
Tuition and fees - restricted			\$1,388,231	
State appropriations - restricted			4,838	
Federal grants and contracts - restricted			12,414,484	
State grants and contracts - restricted			231,323	
Private gifts, grants, and contracts - restricted			88,762	
Investment income - restricted			4,382	300
Auxiliary property revenues	\$2,000,000			
Endowment income			35,587	
Additions to plant facilities				
Equipment of institutions				
Other received				1,875
Total revenues and other additions	\$7,000,000*	2,883,187	14,207,487	1,305
Expenditures and other deductions:				
Instructional and general	\$5,175,000		\$4,882,810	
Auxiliary activities	101,019	1,883,837	17,137	
Auxiliary equipment/purchases		4,382		
Loan cancellations and write-offs				8
Refunded to grantors			1,768	4,887
Payment of non-expendable interest on subscriptions				
Disposal of plant facilities				
Other				
Total expenditures and other deductions	\$5,276,019	2,888,219	6,684,723	1,305
Transfers among funds - additions (deductions):				
Mandatory				
Statutory and interest				
Other			(28,288)	
Total transfers among funds	\$None	\$None	(28,288)	\$None
Increase (decrease)	\$None	(1,005)	\$None	\$None
Net increase (decrease) for the year	\$None	(422,112)	\$1,872,486	(1,000)
Fund balances at beginning of year	\$None	2,905,299	2,128,186	38,188
Fund balances 6/30/1997	\$None	\$2,483,187	\$4,000,672	\$37,188

The accompanying notes are an integral part of this statement.

EMPLOYEE'S FUNDS	PLANT FUND		RETIREMENT OF EMPLOYEES IN PLANT	TOTAL
	APPLICABLE	NON-APPLICABLE		(MINIMUMIMUM ONE)
				\$20,000.00
	\$611,004			1,000,000
				4,000
\$100,000				10,474,494
60,000				600,000
	70,004			100,000
				20,000
11,000				2,000,000
			\$1,000,000	50,000
			10,000	2,000,000
				100,000
				1,000
<u>100,000</u>	<u>680,008</u>	<u>NONE</u>	<u>1,000,000</u>	<u>20,000,000</u>
	1,000,000			10,000,000
				2,000,000
				4,000
				0
				4,000
		\$100,000		10,000
		50,000		20,000
			\$10,000	50,000
				700
<u>NONE</u>	<u>1,000,000</u>	<u>50,000</u>	<u>10,000</u>	<u>20,000,000</u>
	2,000,000	100,000		10,000,000
		100,000		2,000,000
				4,000
				0
				4,000
				10,000
100,000	600,000	NONE	1,000,000	10,000,000
1,000,000	1,000,000	100,000	10,000,000	10,000,000
<u>\$1,000,000</u>	<u>600,000</u>	<u>\$100,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
CURRENT FUNDS**

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1987**

	<u>GENERAL</u>	<u>ADJUVANT EMPLOYABLE</u>	<u>RESTRICTED</u>
Revenues:			
Tuition and fees	\$45,000,760		\$3,101,189
State appropriations	26,064,878		454,308
Federal grants and contracts			12,160,317
State grants and contracts			298,148
Private gifts, grants, and contracts			60,000
Salts and services of education departments	137		
Investment income	21,009		
Auxiliary enterprise revenue	8,296	\$2,663,688	
Administrative expense recovery	182,713		
Other sources	361,278		
Total revenues	<u>\$71,539,057</u>	<u>2,663,688</u>	<u>36,115,042</u>
Expenditures and transfers:			
Educational and general:			
Instruction	21,887,184		6,083,000
Research	68,000		
Public service	258,888		
Academic support	2,780,187		144,688
Student services	1,885,000		
Institutional support	3,244,878		16,000
Operations and maintenance of plant	3,832,713		404,298
Scholarships and fellowships	809,175		9,880,710
Other	1,855,890		
Total educational and general expenditures	<u>\$47,710,005</u>	<u>None</u>	<u>16,768,006</u>
Auxiliary enterprise expenditures	210,800	2,200,000	11,000
Total expenditures and transfers	<u>\$47,920,805</u>	<u>2,200,000</u>	<u>16,779,006</u>
Other activities (Activities):			
Excess of restricted receipts over			(2,172,498)
transfers to restricted			
Inventory increase		73,483	
Net increase (decrease) in fund balances	<u>None</u>	<u>\$437,118</u>	<u>(\$3,012,498)</u>

The accompanying notes are an integral part of this statement.

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances
For the Year Ended June 30, 1998**

	CURRENT FUND			STATE OF LOUISIANA FUNDS
	GENERAL	RESTRICTED	UNRESTRICTED	
Revenues and other additions:				
Licenses and earned fund revenues	\$26,751,458			
Tuition and fees - restricted			\$1,494,400	
State appropriations - restricted			851,000	
Federal grants and contracts - restricted			11,057,482	
State grants and contracts - restricted			585,500	
Private gifts, grants, and contracts - restricted			50,000	
Investment income - restricted			5,250	650
Auxiliary-appears revenues		\$2,995,000		
Endowment income			27,482	
Additions to plant facilities				
Repayment of indebtedness				
Other sources				1,832
Total revenues and other additions	<u>\$26,751,458</u>	<u>\$2,995,000</u>	<u>12,230,714</u>	<u>2,482</u>
Expenditures and other deductions:				
Educational and general	\$4,289,130		\$2,280,000	
Auxiliary enterprises	304,811	3,100,821	12,000	
Auxiliary equipment purchases		11,000		
Refunds to grantor's			4,000	1,342
Retirement of indebtedness				
Interest on indebtedness				
Depreciation of plant facilities				
Other				
Total expenditures and other deductions	<u>\$4,593,941</u>	<u>\$3,111,821</u>	<u>12,296,000</u>	<u>1,342</u>
Transfers among funds - without allocations -				
mandatory:				
Principal and interest			(170,400)	
Other			(470,400)	
Total transfers among funds	<u>\$0</u>	<u>\$0</u>	<u>(640,800)</u>	<u>\$0</u>
Inventory increase	<u>\$0</u>	<u>343,000</u>	<u>\$0</u>	<u>\$0</u>
Net increase (decrease) for the year	<u>\$0</u>	<u>41,979</u>	<u>(1,295,100)</u>	<u>(1,662)</u>
Fund balances of beginning of year	<u>\$0</u>	<u>2,832,064</u>	<u>3,434,291</u>	<u>85,688</u>
Fund balances at end of year	<u>\$0</u>	<u>\$2,914,043</u>	<u>\$2,139,191</u>	<u>\$84,026</u>

The accompanying notes are an integral part of this statement.

EMPLOYMENT FUNDS	PLANT FUNDS		INVESTMENT FUNDS	TOTAL (MEMORANDUM FUNDS)
	APPORTIONED	RETIREMENT OF INDEBTEDNESS		
				\$24,761,761
	\$694,000			3,146,200
				616,000
				11,027,460
\$46,000				661,600
\$46,000				396,000
	100,750			526,001
				3,960,000
6,761				36,043
			\$5,000,000	5,000,000
			600,001	600,001
				1,631
<u>262,761</u>	<u>740,750</u>	<u>NONE</u>	<u>5,140,001</u>	<u>55,221,714</u>
	1,410,000			61,796,000
				3,494,000
				11,000
				6,870
		\$600,001		600,001
		54,000		54,000
			140,001	140,001
			710	710
<u>NONE</u>	<u>1,474,000</u>	<u>654,001</u>	<u>140,001</u>	<u>65,312,201</u>
	771,000	111,200		
<u>NONE</u>	<u>771,000</u>	<u>670,000</u>	<u>NONE</u>	<u>NONE</u>
		Mar 31/9		
<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>340,000</u>
386,561	(776,000)	NONE	6,000,000	3,000,000
776,411	3,308,740	111,200	46,000,000	50,196,351
<u>\$1,000,000</u>	<u>\$1,300,000</u>	<u>\$100,750</u>	<u>\$60,270,000</u>	<u>\$60,000,000</u>

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
CURRENT FUNDS**

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1996**

	GENERAL	AUXILIARY ENTREPRENEURS	RESTRICTED
Revenues			
Tuition and fees	\$16,236,000		\$3,641,424
State appropriations	16,760,878		132,064
Federal grants and contracts	100,000		71,008,877
State grants and contracts			240,490
Private gifts, grants, and contracts			64,184
Sales and rentals of educational departments	287		
Investment income	23,875		
Endowment income			1,008
Auxiliary enterprise revenue		\$2,885,586	
Administrative expense recovery	100,814		
Other sources	232,708		
Total revenues	<u>34,354,762</u>	<u>2,885,586</u>	<u>36,708,877</u>
Expenditures and transfers			
Educational and general:			
Instruction	19,831,884		6,004,607
Research	121,830		
Public service	246,080		
Academic support	2,137,708		192,847
Student services	1,828,781		
Institutional support	4,410,874		7,718
Operations and maintenance of plant	3,811,800		133,044
Scholarships and fellowships	1,801,884		6,735,358
Other	640,895		75
Total educational and general expenditures	<u>34,505,786</u>	NONE	<u>13,149,661</u>
Auxiliary enterprise expenditures	302,870	3,180,721	12,858
Total expenditures and transfers	<u>34,808,656</u>	<u>3,180,721</u>	<u>13,162,519</u>
Other additions (deductions):			
Excess of restricted receipts over transfers in revenues			(2,708,178)
Inventory increase		243,600	
Net increase (decrease) in fund balances	<u>NONE</u>	<u>847,817</u>	<u>\$(2,708,178)</u>

The accompanying notes are an integral part of this statement.

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

**Notes to the Financial Statements
As of June 30, 1997, and for the Years
Ended June 30, 1997 and 1996**

INTRODUCTION

Delgado Community College is a publicly supported institution of higher education. The college 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 University of Louisiana System Board of Trustees; however, the annual budget of the college and changes to the degree programs, departments of instruction, et cetera, 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 Delgado Community College main campus is located in New Orleans adjacent to City Park. Other campuses are located on the New Orleans Westbank, at the Clearity School of Nursing, and in Slidell. Student enrollment was 8,293, 14,112, 14,188, during the summer, fall, and spring semesters, respectively, of the 1996-97 fiscal year. Student enrollment was 5,018, 13,008, and 13,037 during the summer, fall, and spring semesters, respectively, for the 1995-96 fiscal year. The college has approximately 343 full-time faculty members for the 1996-97 fiscal year and 355 full-time faculty members for the 1995-96 fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) considers both the American Institute of Certified Public Accountants (AICPA) College Guide model and the governmental model to be acceptable for accounting and financial reporting by governmental colleges and universities. The accompanying financial statements have been prepared in accordance with the AICPA College Guide model principles, except for the recognition of compensated absences. The college recognizes the liability for unused annual and sick leave when paid because major portions of the liability will be paid from the college's General Fund from future appropriations made by the Louisiana Legislature.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The college is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

for fiscal matters as follows: (1) the 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) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the college primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of Delgado Community College, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

To observe the limitations and restrictions placed on the use of available resources, the accounts of the college are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with specified activities or objectives. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds having similar characteristics have been combined into fund groups. Accordingly, all financial statements have been reported by fund groups. A brief description of each fund group follows:

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic subgroups, unrestricted and restricted.

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the General Fund. Restricted current funds represent those operating funds on which restrictions have been imposed that limit the purposes for which such funds can be used, and includes the Auxiliary Enterprise Fund and gifts, grants, or contracts from governmental or private agencies.

Student Loan Funds

The student loan funds group accounts for resources available for loans to students.

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Endowment Funds

Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income that may either be expended or added to principal.

Plant Funds

The plant funds group contains three self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Funds for retirement of indebtedness are to service plant indebtedness of the college. Investment in plant includes all long-lived assets of the college. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasurer.

Agency Funds

Agency funds are deposits in which the college acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops.

D. BASIS OF ACCOUNTING

The financial statements of the college have been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) annual and sick leave is recognized when paid; (3) summer school tuition and fees and faculty salaries and related benefits for June are not prorated, but are deferred to the succeeding year.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds relating to the current reporting period. It does not purport to present the results of operations (net income or loss) for the period, as would a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal acquisitions, repairs, and renovations; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a nonmandatory nature for all other cases.

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

The appropriation made for the General Fund of the college is an annual lapping appropriation established by legislative action and by Title 33 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Louisiana Board of Regents and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid, and (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not provided, but are recognized in the succeeding year.

The budget amounts include the original approved budget and subsequent amendments approved as follows:

	Fiscal Year Ended	
	June 30, 1997	June 30, 1998
Original approved budget	\$95,858,985	\$95,575,380
Amendments:		
Increase to reflect Supplemental Revenue per Act 17 of 1998	\$17,884	
Increase to reflect faculty salary increases	<u>1,347,482</u>	
Total budgeted amount	<u>\$97,224,351</u>	<u>\$95,575,380</u>

The following is an appropriation budgetary comparison for the years ended June 30, 1997 and 1998 for the General Fund:

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	June 30, 1997		Variance Favorable (Unfavorable)
	Actual	Budget	
Revenues			
Appropriated by legislature:			
State General Fund (direct)	\$29,064,878	\$29,168,989	(\$104,111)
State General Fund by self-generated revenues	18,040,821	17,837,281	(203,540)
Total revenues	<u>47,105,699</u>	<u>47,006,270</u>	<u>(99,429)</u>
Expenditures			
Program expenditures	<u>46,095,807</u>	<u>47,828,249</u>	<u>1,732,442</u>
Unexpended appropriation - current year (note 14)	<u>None</u>	<u>None</u>	<u>None</u>

	June 30, 1998		Variance Favorable (Unfavorable)
	Actual	Budget	
Revenues			
Appropriated by legislature:			
State General Fund (direct)	\$18,780,878	\$18,765,889	(\$14,989)
State General Fund by self-generated revenues	15,780,120	17,837,281	(2,057,161)
State General Fund by interagency transfers	180,808	182,141	(1,333)
Federal funds	10,000	10,000	-
Total revenues	<u>34,751,806</u>	<u>36,635,311</u>	<u>(1,883,505)</u>
Expenditures			
Program expenditures	<u>34,751,806</u>	<u>36,635,311</u>	<u>1,883,505</u>
Unexpended appropriation - current year	<u>None</u>	<u>None</u>	<u>None</u>

The other funds of the college, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

F. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time 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 principal offices in Louisiana.

G. INVESTMENTS

In accordance with Louisiana Revised Statute 49:327(C)(3), the college is authorized to invest funds in direct United States Treasury obligations and, 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. The majority of these investments are bank repurchase agreements collateralized by obligations of the United States and are reported at cost, which approximates market on the balance sheet.

H. INVENTORIES

Inventories of the auxiliary bookstore enterprise fund are valued at the lower of cost or market. The college uses a periodic inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. The inventories are expensed when sold or used.

I. DEFERRED REVENUES

Tuition and fees collected at June 30, 1997, but applicable to the 1997 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

J. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded to reserve fund balances, is employed by the college during the year. However, for the years ended June 30, 1997 and 1995, all outstanding encumbrances were canceled and released during the subsequent fiscal year.

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

K. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, or fair market value at date of donation in the case of gifts. Public domain or infrastructures are not capitalized. Construction in progress is capitalized during construction based upon actual expenditures to date. No depreciation has been provided on plant assets.

L. 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. 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 unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave and unused sick leave, as discussed in note 1-D, is not recorded in the accompanying financial statements.

M. TOTAL COLUMNS ON STATEMENTS

Total columns on the Statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

2. CASH

At June 30, 1997, the college has cash (book balances) totaling \$2,815,499 as follows:

Petty cash	828,540
Demand deposits	248,088
Interest-bearing demand deposits	1,288,194
Time deposits	<u>1,272,917</u>
Total	<u>\$2,815,499</u>

These deposits are stated at cost, which approximates market. 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

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997, the college has \$4,444,437 in deposits (collected bank balances). These deposits are secured from risk by \$402,293 of federal deposit insurance (GA50 Category 1) and \$4,042,154 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GA50 Category 3).

3. INVESTMENTS

At June 30, 1997, the college has investments totaling \$3,741,668 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Government securities:		
United States Treasury Bills	\$3,345,210	\$3,342,810
Mortgage Obligations - Federal Home Loan		
Mortgage Discount Notes	<u>396,458</u>	<u>398,848</u>
Total	<u>\$3,741,668</u>	<u>\$3,741,658</u>

The investments are in the name of the college and held in the trust department of a custodial bank selected by the college (GA50 Category 3).

4. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A as follows:

Fund	Tuition and Fees	State Appropriations	Federal Grants and Contracts		Total
			CFE	CFE	
General	\$100,000	\$100,000		\$40,000	\$240,000
Auxiliary Enterprise				40,000	40,000
Postpaid	9,000		9,000,000	5,000	1,000,000
Unexpended Plant	20,000			000	20,000
Agency	5,172				5,172
Total	<u>\$134,172</u>	<u>\$100,000</u>	<u>\$1,000,000</u>	<u>\$45,000</u>	<u>\$1,279,172</u>

5. NOTES RECEIVABLE

The notes receivable within the student loan funds are shown on Statement A, net of an allowance for uncollectible, as follows:

DELTAO COMMUNITY COLLEGE
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

	<u>Notes</u> <u>Receivable</u>	<u>Allowance for</u> <u>Uncollectibles</u>	<u>Net</u> <u>Statement A</u>
Perkins Loans	\$17,729	\$50,500	\$17,229
Airline Emergency Loan Fund	1,076		1,076
Sears Loan Fund	1,224		1,224
Kellogg	1,601		1,601
Total	<u>\$21,630</u>	<u>\$50,500</u>	<u>\$21,130</u>

6. DUE TO/FROM OTHER FUNDS

The following is a summary of amounts due to/from other funds at June 30, 1997:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Funds:		
General	\$2,530,859	\$803,401
Auxiliary enterprises	766,537	2,667
Restricted	116,242	2,971,697
Endowment Funds		116,242
Plant Funds - unexpended		952,135
Agency Funds	<u>95,894</u>	
Total	<u>\$3,499,532</u>	<u>\$3,496,532</u>

7. 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 Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana 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 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-8440 and/or the Louisiana State Employees Retirement System, Post Office Box 44013, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0800 or (800) 258-3000.

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. Employees contribute 9 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state was required to contribute 10.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LASERS for the year ended June 30, 1997. The state was required to contribute 10.5 percent of covered salaries to TRS and 12 percent of covered salaries to LASERS for the year ended June 30, 1998. The college's employer contribution is funded by the State of Louisiana through the annual appropriation to the college. The college's employer contributions to TRS for the years ended June 30, 1997, 1998, and 1999 were \$1,738,252, \$1,872,599, and \$1,805,218, respectively, and to LASERS for the years ended June 30, 1997, 1998, and 1999 were \$890,700, \$851,201, and \$855,996, respectively, equal to the required contributions for each year.

B. 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 universities in recruiting employees who may not be expected to remain in TRS for ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the college are 10.3 percent and 10.5 percent of the covered payroll for the years ended June 30, 1997 and 1998, respectively. The participant's contribution (9 percent), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not obligations of the State of Louisiana or the Teachers Retirement System of

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Louisiana. 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 contributions to the optional retirement plan totaled \$628,177 and \$660,770 for the years ended June 30, 1997 and 1996, respectively.

**9. POSTRETIREMENT HEALTH CARE AND
LIFE INSURANCE BENEFITS**

The college provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the college's employees become eligible for these benefits if they reach normal retirement age while working for the college. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the college. The college recognizes the cost of providing these benefits to retirees (college's portion of premiums) as an expenditure when paid during the year. These retiree benefits total \$247,454 and \$208,084 for the years ended June 30, 1997 and 1996, respectively.

**10. JUDGMENTS, CLAIMS, AND
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying general purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program. The college is involved in one lawsuit at June 30, 1997.

11. COMPENSATED ABSENCES

At June 30, 1997, employees of the college have accumulated and vested \$3,000,378 of employee leave benefits, which was computed in accordance with GASB Codification Section C80.105. As previously discussed, the leave payable is not recorded in the accompanying financial statements. If the financial statements were corrected for this departure from generally accepted accounting principles, current funds' liabilities, expenditures, and the beginning fund balances at July 1, 1995, would be increased (decreased) as follows:

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

	General Fund	Auxiliary Fund	Restricted Fund	Total
Beginning Fund Balance, July 1, 1985	(\$2,595,862)	(\$25,813)	(\$23,613)	(\$3,645,288)
Expenditures, FY 86	509,644	(2,014)	10,807	528,437
Expenditures, FY 87	281,820	1,626	4,153	287,599
Compensated absences	2,937,496	25,228	37,843	3,000,567

12. LEASES

The college has no material operating or capital leases at June 30, 1987.

13. LONG-TERM DEBT

The college entered into an installment purchase agreement on June 27, 1981, with the Louisiana Equipment Acquisition Fund (LEAF) for the purchase of an air conditioner system and certain IBM computer equipment. The agreement required scheduled payments on a monthly basis for five years beginning in August 1981 with an effective interest rate of 7.037 percent. A detailed summary of installment payments follows:

Outstanding at June 30, 1985	\$468,558
1986 payments	(452,574)
1987 payments	<u>(38,584)</u>
Balance at June 30, 1987	<u>NONE</u>

A detailed summary of all debt outstanding at June 30, 1987, including interest payments of \$153,960, follows:

	Educational Facility Bonds, Series				Total
	1982A	1978A	1972A	1976A	
Face of Issue	1,150,000	10,500,000	44,710,000	6,020,000	\$1,310,710,000
Deposited Issue	<u>527,000</u>	<u>5,000,000</u>	<u>4,500,000</u>	<u>600,000</u>	<u>\$1,627,000</u>
Outstanding at June 30, 1987	\$623,000	5,500,000	40,210,000	5,420,000	\$54,753,000
Balance at 1986	14,000	11,000	7,000	40,000	71,000
Balance at 1987	<u>15,000</u>	<u>11,000</u>	<u>8,000</u>	<u>40,000</u>	<u>74,000</u>
Outstanding at June 30, 1987	<u>\$638,000</u>	<u>5,511,000</u>	<u>40,218,000</u>	<u>5,460,000</u>	<u>\$54,827,000</u>
Maturity	1989-2010	1989-2010	1989-2012	1989-2008	
Interest Rates	7%	7%	8.125-11.5%	8.8%	
Interest Outstanding, June 30, 1987	<u>\$50,660</u>	<u>\$9,400</u>	<u>\$6,700</u>	<u>\$31,200</u>	<u>\$107,960</u>

DELTA COMMUNITY COLLEGE
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

The annual requirements to amortize all bonds outstanding at June 30, 1997, including interest of \$133,900, are as follows:

	Educational Facility Bonds - Series				Total
	1974-A	1975-B	1977-A	1977-C	
1998	\$23,220	\$11,370	\$73,120	\$80,580	\$111,870
1999	23,750	11,910	71,580	80,260	111,710
2000	23,270	10,880	70,080	80,430	111,260
2001	23,780	11,280	72,070	80,280	112,760
2002	23,280	10,880	71,080		99,880
Subsequent years	181,200	155,260			\$334,400
Total	\$281,480	\$245,430	\$288,730	\$241,700	\$812,660

The bond agreement of the educational facilities bonds requires that a Reserve Fund be established in an amount equal to the highest combined principal and interest requirements in any succeeding fiscal year on all outstanding bonds. At June 30, 1997, the required reserve totals \$112,761. As shown on Statement A, the college has cash reserves available totaling \$112,761. The college has met the required reserve.

14. GENERAL FUND

As shown by Statement A, the General Fund has a total of \$134,112 due to the state treasury at June 30, 1997. This amount, after adjustment, should be remitted to the state treasury as current year unexpended appropriation (note 1-E).

As provided by Act 971 of 1965 [R.S. 17:3386(A)], the college adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the college to expend appropriated funds during subsequent fiscal years that were unexpended and unobligated at June 30, 1997. At least 50 percent of these funds must be used solely for preventative maintenance purposes, in accordance with the approved program, subject to approval by the Board of Trustees for State Colleges and University, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. As shown in note 1-E, the college has \$134,112 of its state General Fund appropriation remaining at June 30, 1997, which may be retained for preventative maintenance (Act 971 of 1965).

15. ENDOWMENT FUNDS

The endowment funds consist of eleven endowed professorships for which private contributions of \$80,000 for each professorship have been matched by state funds of \$80,000 and one pending professorship with a private contribution of \$50,000. Income from each fund will be transferred to a Restricted Fund to be expended for the specified purposes. The endowment base of each professorship is increased each year by the smaller of a Consumer Price Index adjustment or 25 percent of the previous year's earnings.

**DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Seymour Weiss Endowed Professorship	\$110,668
Edell Memorial Hospital Endowed Professorship	107,588
Jo Ellen Smith Medical Center and Meadowcrest Hospital Endowed Professorship	107,606
Alton Ochsner Medical Foundation Endowed Professorship	102,470
Crotchetts Medical Center Endowed Professorship	102,470
East Jefferson Hospital Endowed Professorship #1	101,672
East Jefferson Hospital Endowed Professorship #2	101,672
East Jefferson Hospital Endowed Professorship #3	102,333
East Jefferson Hospital Endowed Professorship #4	85,224
Food and Wine Culinary Endowed Professorship	101,387
Health Science Endowed Professorship	101,434
Tatellonne Endowed Professorship	<u>101,438</u>
Total	<u>\$1,701,773</u>

16. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1997, are as follows:

National Defense/Direct Student Loan Fund	\$19,370
Acute Emergency Loan Fund	1,089
Spans Loan Fund	1,179
Kellogg Foundation	<u>10,730</u>
Total	<u>\$32,368</u>

17. AGENCY FUNDS

A summary of deposits held for others within the agency fund are as follows:

DELTAO COMMUNITY COLLEGE

STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

Student Government Association	
Nursing School	\$24,100
City Park Campus	81,915
West Bank Campus	25,000
Scholarships	32,745
ASBP Advisory Board	1,204
Culinary Apprentice Club	6,404
Theatre Club	3,199
Fine Arts Gallery Club	1,200
ZYC	1,742
ACACOS	4,680
Others	899
	<u> </u>
Total	<u>\$292,352</u>

18. PLANT FUNDS

The restricted fund balances of the unexpended plant funds at June 30, 1997, are as follows:

Building Use Fee Fund	\$102,001
Parking Permits and Fines Fund	<u>771,956</u>
	<u> </u>
Total	<u>\$873,957</u>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 0, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section CoS-100 states that "Colleges and universities that follow the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93. The GASB has several projects under way that may affect that reporting." FASB 93, as issued, was effective for financial statements issued for fiscal years beginning after May 15, 1988, with earlier application encouraged. However, in September 1988, the FASB issued Statement No. 96, *Deferral of the Effective Date of Recognition of Depreciation by Not-for-Profit Organizations*, which amended FASB Statement No. 93 to defer the effective date to financial statements issued for fiscal years beginning on or after January 1, 1990. As reflected in note 1-D, depreciation is not currently recognized by the college.

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

A summary of investments in plant follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1997
Land and improvements	\$4,279,571	\$276,684		\$4,556,255
Buildings	24,279,571	1,040,000		25,319,571
Equipment	14,523,203	2,281,581	\$448,917	17,355,867
Library books	3,894,876	288,048		4,182,924
Construction in progress	776,917	732,624		1,509,541
Total	\$47,834,738	\$3,388,937	\$448,917	\$50,774,758
	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Land and improvements	\$4,556,254	\$28,524		\$4,584,778
Buildings	25,121,628	472,818		25,594,446
Equipment	17,329,278	1,428,024	\$875,185	17,882,117
Library books	4,571,388	428,524		4,999,912
Construction in progress	1,558,457	118,635		1,677,092
Total	\$43,537,005	\$2,387,525	\$875,185	\$45,049,345

The above balances do not include the land and buildings purchased for the Delgado-Charity Nursing Programs before January 1, 1990, which will remain with the Medical Center of Louisiana at New Orleans until formally transferred by the State of Louisiana. In accordance with R.S. 38:221-232, the college has complied with the Louisiana movable property statutes.

18. AUXILIARY ENTERPRISES

The college maintains various auxiliary enterprise funds that provide services to the college community. Segment information for the two years ended June 30, 1997, follows:

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

	Net Increase (Decrease)		Net Assets
	in Fund Balances		
	1996	1997	
City Park Cafeteria	\$11,244	\$32,886	\$186,666
City Park Bookstore	(71,657)	333,499	2,582,251
West Bank Bookstore	101,918	\$3,130	488,843
Housing Dormitory	(34)		213,183
Children's Center	5,465	2,820	(112,815)
Total	\$47,917	\$400,119	\$3,345,600

20. FOUNDATIONS

The accompanying financial statements do not include the accounts of the Delgado Community College Foundation or of the Delgado Community College Alumni Association. These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants. Both of these organizations were audited for the years ended June 30, 1996 and 1997.

21. CONSULTANT FEES FOR FEASIBILITY STUDY

A professional service payment in the amount of \$2,067 was made to Morton Vargas Architects for a feasibility study to relocate the City Park Campus Bookstore. This disclosure is in compliance with Senate Concurrent Resolution No. 35 of the Extraordinary Session of 1996.

22. DEFERRED COMPENSATION PLAN

Certain employees of the Delgado Community College participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

23. SUBSEQUENT EVENT

Subsequent to June 30, 1997, management of the college discovered a potential theft of certain reimbursement checks issued to students. The employee allegedly involved has been placed on paid leave pending the results of the investigation. As of this date, December 17, 1997, the college has determined that checks totaling \$8,215 were stolen, and another list of checks totaling \$12,156 is being investigated. The college has referred the matter to the Orleans Parish District Attorney and the New Orleans Police Department, and will inform other agencies as appropriate. The college has not recorded any effects of the theft in the accompanying financial statements, pending the completion of the investigation.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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



BARCEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-0197

1400 NORTH THIRD STREET
PORT HARRIS, MISSISSIPPI
TELEPHONE: (204) 375-3100
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December 17, 1997

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements

DELGADO COMMUNITY COLLEGE
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of Delgado Community College, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated December 17, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delgado Community College's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

EXHIBIT A

LEGISLATIVE AUDITOR

DELGADO COMMUNITY COLLEGE
NEW ORLEANS, LOUISIANA
Compliance and Internal Control Report
Page 2

This report is intended for the information and use of the college and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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