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

Independent Accountant's Review Report
For the Year Ended June 30, 2012
Issued November 21, 2012

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

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EXECUTIVE SUMMARY

South Louisiana Community College (College) is a Southern Association of Colleges and Schools (SACS) accredited college. During the 2012 Legislative Session, Bill 284 was approved, merging the campuses of Acadiana Technical College and the College, effective July 1, 2012. As a part of the process for the approval of the merger, SACS required a financial statement review be performed on the College's fiscal year 2012 activities.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of college management. A review is substantially less in scope than an audit. Our review procedures disclosed the following:

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

- The College hired a full-time employee, who was also employed by another state university, which was not reported by the employee to the College. This resulted in noncompliance with Louisiana law pertaining to dual employment. The employee resigned from Nicholls.

- Based on a four-year analysis, the college has become more dependent on tuition, fees, and federal revenues as state appropriations have decreased.

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 29, 2012

Independent Accountant's Review Report

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

We have reviewed the accompanying basic financial statements as listed in the table of contents of the South Louisiana 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, 2012. A review includes primarily applying analytical procedures to management's financial data and making inquiries of college management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

College management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

As discussed in note 1-B to the basic financial statements, the accompanying financial statements of the South Louisiana 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 the South Louisiana 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, 2012, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KDD:BH:EFS:THC:ch

SLCC12

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis presents a narrative overview and analysis of South Louisiana Community College's (College) financial activities and statements for the fiscal year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. The notes to the financial statements provide a summary of some of the significant accounting policies affecting all financial transactions of this institution. The primary financial statements presented are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. This document should be read in conjunction with the annual financial report of the College. Information is presented in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

The College's net assets changed from $8,037 (restated) to $7,899 or 2% from June 30, 2011, to June 30, 2012. The overall reasons for this change include:

- Decrease in enrollment
- Decrease in state funding

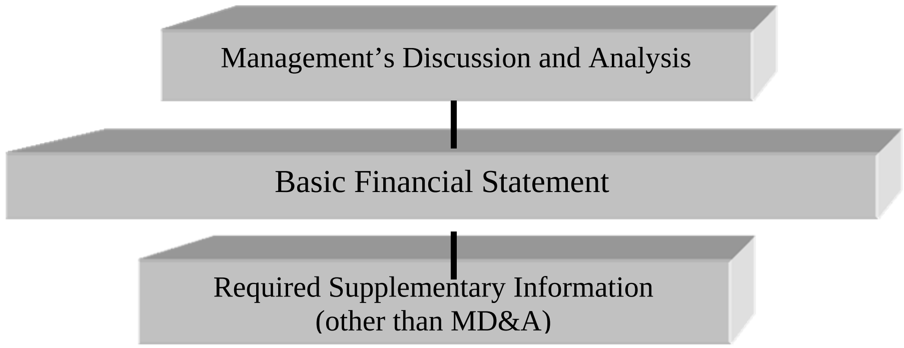
Enrollment changed from 4,196 to 3,919 from July 1, 2011, to June 30, 2012, a decrease of 7%. The reason for this change is attributed to improvements in the economy (more jobs available).

The College's operating revenues changed from $7,273 to $7,207 or 1% from June 30, 2011, to June 30, 2012. Operating expenses, however, increase by 3% to $16,743 for the fiscal year ended June 30, 2012. The changes in enrollment as discussed and increases in tuition rates are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to $9,398 in 2012 from $11,369 in 2011 is attributed to a decrease in PELL grant awards and no American Recovery and Reinvestment Act State Fiscal Stabilization funds were received in fiscal year 2012.

OVERVIEW OF THE BASIC 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; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 11) presents the current and noncurrent 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 Statement of Revenues, Expenses, and Changes in Net Assets (page 12) 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, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 13-14) presents information showing how the College's cash changed as a result of the current year's 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 Statement of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the College are included in the Statement of Net Assets.

FINANCIAL ANALYSIS

South Louisiana Community College
Comparative Statement of Net Assets
(in thousands of dollars)
As of June 30, 2012 and 2011

	2012	2011 (Restated)	Percentage Change
Assets			
Current and other assets	$10,814	$12,445	(13%)
Capital assets, net	1,059	1,222	(13%)
Total assets	11,873	13,667	(13%)
Liabilities			
Current liabilities	1,042	3,028	(66%)
Noncurrent liabilities	2,932	2,602	13%
Total liabilities	3,974	5,630	(29%)
Net Assets			
Invested in capital assets, net of related debt	1,059	1,222	(13%)
Restricted	6,936	5,938	17%
Unrestricted	(96)	877	(111%)
Total net assets	$7,899	$8,037	(2%)

This schedule is prepared using the College's Statement of Net Assets as shown on page 11, which is presented on an accrual basis of accounting. Significant changes for 2012 include the 17% increase in restricted net assets is due to restricted fees collected in current year that were unexpended.

Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. 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.

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

	2012	2011 (Restated)	Percentage Change
Operating revenues:			
Student tuition and fees, net of scholarship allowances	$6,453	$6,388	1%
Grants and contracts	633	777	(19%)
Sales and services of educational departments		2	(100%)
Auxiliary enterprises, net of scholarship allowances	116	16	625%
Other operating revenues	5	90	(94%)
Total operating revenues	7,207	7,273	(1%)
Operating expenses:			
Educational and general:			
Instruction	6,834	6,430	6%
Academic support	2,185	2,079	5%
Student services	947	769	23%
Institutional support	2,360	2,075	14%
Operation and maintenance of plant	1,596	1,536	4%
Depreciation	296	301	(2%)
Scholarships and fellowships	2,001	2,770	(28%)
Auxiliary enterprises	66		100%
Other operating expenses	458	316	45%
Total operating expenses	16,743	16,276	3%
Operating loss	(9,536)	(9,003)	6%
Nonoperating revenues:			
State appropriations	5,226	5,958	(12%)
American Recovery and Reinvestment Act award		1,798	(100%)
Federal nonoperating revenues	3,452	3,601	(4%)
Other nonoperating revenues	720	12	5,900%
Net nonoperating revenues	9,398	11,369	(17%)
Income before other revenues, expenses, gains, losses	(138)	2,366	(106%)
Capital grants and gifts		36	(100%)
Change in net assets	(138)	2,402	(106%)
Net assets at beginning of year, restated	8,037	5,635	43%
Net assets at end of year	$7,899	$8,037	(2%)

Nonoperating revenues decreased by 17% to $9,398, primarily attributable to not receiving any American Recovery and Reinvestment Act State Fiscal Stabilization funds in fiscal year 2012. State appropriations decreased from $5,958 to $5,226 because of a reduction in state funds. The State of Louisiana made mid-year cuts and end of year cuts. The College's operating revenues decreased by $66 or 1%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2012, the College had invested approximately $1,059 in capital assets, net of accumulated depreciation. This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $163 or 13% over the previous fiscal year. More detailed information about the system's capital assets is presented in note 4 to the financial statements.

South Louisiana Community College
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2012 and 2011

	2012	2011 (Restated)	Percentage Change
Land	$161	$161	0%
Equipment	898	1,061	(15%)
Total	$1,059	$1,222	(13%)

The change is mostly attributed to the following:

- Additions of four network servers - $75
- Addition of a 2012 Toyota Prius - $23
- Depreciation expense which exceeded additions

The College had no bonds or notes outstanding at year-end. See note 11 for details relating to changes in and the composition of long-term debt.

ECONOMIC OUTLOOK

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

- Increases in tuition
- Changes in state appropriations
- Merging with Acadiana Technical College (details in note 18)

CONTACTING THE SOUTH LOUISIANA COMMUNITY COLLEGE'S MANAGEMENT

The accompanying financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. Questions about this report or the need for additional financial information can be addressed by contacting Mr. Rudy Gonzales, Vice Chancellor for Finance and Administration at rudy.gonzales@southlouisiana.edu.

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

Statement of Net Assets
June 30, 2012

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$10,174,652
Receivables, net (note 3)	187,400
Due from federal government (note 3)	15,046
Due from Louisiana Community and Technical College System (LCTCS) colleges/LCTCS	233,861
Other current assets	3,076
Total current assets	10,614,035
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (note 2)	200,000
Capital assets, net (note 4)	1,058,958
Total noncurrent assets	1,258,958
Total assets	11,872,993
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities (note 5)	593,761
Due to state treasury	550
Due to LCTCS colleges/LCTCS	20,584
Deferred revenues (note 6)	410,817
Amounts held in custody for others	211
Compensated absences payable (notes 9 and 11)	16,142
Total current liabilities	1,042,065
Noncurrent liabilities:	
Compensated absences payable (notes 9 and 11)	419,433
Other postemployment benefits payable (note 8)	2,512,800
Total noncurrent liabilities	2,932,233
Total liabilities	3,974,298
NET ASSETS	
Invested in capital assets	1,058,958
Restricted for:	
Nonexpendable (note 12)	200,000
Expendable (note 12)	6,735,949
Unrestricted	(96,212)
Total net assets	$7,898,695

See accompanying notes and independent accountant's review report.

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

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

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of $2,283,820)	$6,452,679
Federal grants and contracts	165,450
State and local grants and contracts	465,776
Nongovernmental grants and contracts	2,470
Auxiliary enterprise revenues	115,850
Other operating revenues	4,722
Total operating revenues	7,206,947
OPERATING EXPENSES	
Education and general:	
Instruction	6,833,727
Academic support	2,184,818
Student services	946,734
Institutional support	2,360,408
Operations and maintenance of plant	1,595,908
Depreciation	296,184
Scholarships and fellowships	2,000,961
Auxiliary enterprises	66,139
Other operating expenses	457,979
Total operating expenses	16,742,858
OPERATING LOSS	(9,535,911)
NONOPERATING REVENUES	
State appropriations	5,225,744
Federal nonoperating revenues	3,451,798
Net investment income	11,438
Other nonoperating revenues	709,292
Net nonoperating revenues	9,398,272
DECREASE IN NET ASSETS	(137,639)
NET ASSETS - BEGINNING OF YEAR (Restated) (note 13)	8,036,334
NET ASSETS - END OF YEAR	$7,898,695

See accompanying notes and independent accountant's review report.

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

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

Cash flows from operating activities:	
Tuition and fees	$6,439,740
Grants and contracts	924,665
Auxiliary enterprise receipts	124,577
Payments for employee compensation	(6,332,824)
Payments for benefits	(1,997,536)
Payments for utilities	(343,872)
Payments for supplies and services	(4,166,124)
Payments for scholarships and fellowships	(2,308,184)
Other payments	(455,239)
Net cash used by operating activities	(8,114,797)
Cash flows from noncapital financing activities:	
State appropriations	5,226,294
Gifts and grants for other than capital purposes	3,451,798
TOPS receipts	235,992
TOPS disbursements	(235,992)
Other receipts	709,291
Net cash provided by noncapital financing sources	9,387,383
Cash flows from capital financing activities:	
Purchases of capital assets	(133,917)
Net cash used by capital financing activities	(133,917)
Cash flows from investing activities:	
Interest received on investments	11,439
Net cash provided by investing activities	11,439
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,150,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,224,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	$10,374,652

(Continued)

See accompanying notes and independent accountant's review report.

SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, June 30, 2012

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	($9,535,911)
Adjustments to reconcile loss to net cash provided by operating activities:	
Depreciation expense	296,184
Changes in assets and liabilities:	
Decrease in accounts receivables, net	2,784,177
(Increase) in other assets	(3,076)
Increase in accounts payable and accrued liabilities	200,492
(Decrease) in deferred revenue	(2,181,823)
(Decrease) in amounts held in custody for others	(2,081)
(Decrease) in compensated absences	(81,759)
Increase in other postemployment benefits payable	409,000
Net Cash Used by Operating Activities	($8,114,797)

Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

Cash and cash equivalents classified as current assets	$10,174,652
Cash and cash equivalents classified as noncurrent assets	200,000
Total cash and cash equivalents	$10,374,652

(Concluded)

See accompanying notes and independent accountant's review report.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

South Louisiana Community College (College) is a publicly supported institution of higher education. The College is under the management and supervision of the Louisiana Community and Technical College System Board of Supervisors, which is a component unit of the State of Louisiana; however, the annual budget of the College and changes to the degree programs, department 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 College is located in Lafayette, Louisiana and was established as a comprehensive, multi-campus public two-year institution of higher education and was designed to serve the eight-parish area of Acadia, Evangeline, Iberia, Lafayette, St. Landry, St. Martin, St. Mary, and Vermilion.

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.

The College applies all GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The campus has elected not to apply FASB pronouncements issued after the applicable date.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The College is part of the Louisiana Community and Technical College System, which is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) 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) 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 as authorized by Louisiana statutes and administrative regulations.

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

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

C. BASIS OF ACCOUNTING

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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 budget process.

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and certificates of deposit. The College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. 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. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

F. NONCURRENT RESTRICTED ASSETS

Assets that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

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 the acquisition or their estimated fair value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. 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 and infrastructure, 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.

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 unclassified 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. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System (LASERS), 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 Teachers' Retirement System of Louisiana and LASERS.

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

J. NONCURRENT LIABILITIES

Noncurrent liabilities include estimated amounts for accrued compensated absences. It also includes other postemployment benefits that will not be paid within the next fiscal year.

K. NET ASSETS

The College's net assets are classified as follows:

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

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

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

(d) *Unrestricted net assets* consist of resources derived from student tuition and fees, state appropriations, and certain 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, local, and nongovernmental grants and contracts.

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

(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 goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf.

N. USE OF ESTIMATES

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

O. ELIMINATING INTERFUND ACTIVITY

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2012, the College has cash and cash equivalents (book balances) totaling $10,374,652 as follows:

Demand deposits	$10,173,802
Certificates of deposit	200,000
Petty cash	850
Total	$10,374,652

These cash and cash equivalents are reported as follows on the Statement of Net Assets:

Current assets	$10,174,652
Noncurrent assets (restricted)	200,000
Total	$10,374,652

3. RECEIVABLES

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

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	$405,390	$265,117	$140,273
State and private grants and contracts	47,127		47,127
Total	$452,517	$265,117	$187,400
Due from federal government	$15,046	NONE	$15,046

There is no noncurrent portion of accounts receivable.

See independent accountant's review report.

4. CAPITAL ASSETS

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

	Balance June 30, 2011	Prior Period Adjustment	Restated Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Capital assets not being depriciated:						
Land	NONE	$160,500	$160,500	NONE	NONE	$160,500
Total capital assets not being depreciated	NONE	160,500	160,500	NONE	NONE	160,500
Other Capital Assets:						
Equipment (including library books)	$2,978,001		2,978,001	$133,917		3,111,918
Less accumulated depreciation	(1,917,276)		(1,917,276)	(296,184)		(2,213,460)
Total equipment	1,060,725	NONE	1,060,725	(162,267)	NONE	898,458
Capital Asset Summary:						
Capital assests not being depreciated		160,500	160,500			160,500
Capital assets, at cost	2,978,001		2,978,001	133,917		3,111,918
Less accumulated depreciation	(1,917,276)		(1,917,276)	(296,184)		(2,213,460)
Capital assets, net	$1,060,725	$160,500	$1,221,225	($162,267)	NONE	$1,058,958

Buildings with a historical cost of $14,906,950 and net amount of $2,569,490 are being reported by the South Louisiana Facility Corporation and blended into the Louisiana Community Technical College System financial statements. See note 16 for more details.

5. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of payables and accrued expenses at June 30, 2012:

Accrued salaries and benefits	$367,923
Vendor payables	225,838
Total payables	$593,761

6. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2012:

Prepaid tuition and fees	$410,817
Total deferred revenues	$410,817

See independent accountant's review report.

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 Teachers' Retirement System of Louisiana (TRSL), and classified and unclassified state employees are generally members of the Louisiana State Employees Retirement System (LASERS). Both plans are administered by separate boards of trustees. TRSL is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is considered a single-employer, defined benefit pension plan because the material portion of its activity is with one employer - the State of Louisiana. TRSL and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the retirement systems; with employee benefits vesting after five years of service for TRSL and after 10 years of service for LASERS. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The retirement systems issue annual publicly available financial reports that include financial statements and required supplementary information. The TRSL reports may be obtained online at www.trsl.org or by writing to the Teachers' Retirement System of Louisiana at Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. The LASERS reports may be obtained online at www.lasersonline.org or by writing the Louisiana State Employees' Retirement System at Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or 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 Louisiana Revised Statute (R.S.) 11:102. For fiscal year 2012, employees contribute 8% (TRSL) and 7.5% (8% for LASERS employees hired after July 1, 2006) of covered salaries. For fiscal year 2012, the state is required to contribute 23.7% of covered salaries to TRSL and 25.6% of covered salaries to LASERS. The College's employer contribution is funded by the State of Louisiana through the annual appropriation to the College. The employer contributions to TRSL for the years ended June 30, 2012, 2011, and 2010 were $920,356; $721,011; and $479,006, respectively, and to LASERS for the years ended June 30, 2012, 2011, and 2010 were $87,037; $79,894; and $60,074, respectively, equal to the required contributions for each year.

Optional Retirement System

TRSL administers an optional retirement plan, which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This plan was designed to aid colleges in recruiting employees who may not be expected to remain in TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants.

Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies.

R.S. 11:927 sets the contribution requirements of the plan members and the College equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by the College are 23.7% of covered payroll for fiscal year 2012. The participant's contribution of 8%, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the 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 totaled $339,337 and $124,888, respectively, for the year ended June 30, 2012.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Employees of the College voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's Web site at www.doa.la.gov/osrap.

Funding Policy - The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the College are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Health Maintenance Organization (HMO) plan, the Medical Home HMO plan, and the Regional HMO plan. OGB also offers a Consumer Driven Health Plan with a Health Savings Account option (CPHP-HSA) for active employees. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans (three HMO plans and two PPO plans) during calendar years 2011 and 2012. The three

HMO plans are Humana HMO Plan, Peoples Health HMO-POS Plan, and Vantage HMO-POS Plan. The two PPO plans are Humana PPO Plan and United Healthcare PPO Plan.

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

Service	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%

Effective January 1, 2012, the Plan changed from a fiscal year plan to a calendar year plan. On this date, the rates increased 5% for the PPO, HMO, and CDHP plans; 7% for the MHHP plan; and 0% for the fully insured HMO. The following table shows the rates in effect at 6/30/12.

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

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

See independent accountant’s review report.

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

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total monthly premium is approximately $1 per thousand dollars of coverage of which the employer pays 50 cents for retirees and 12 cents for spouses. The monthly premium is reduced to less than $1 per thousand for retired employees age 70 and over. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability - The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2012 is $434,900.

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

ARC	$434,900
Interest on net OPEB obligation	84,200
ARC adjustment	(80,400)
Annual OPEB cost	438,700
Contributions made -	
current year retiree premiums	(29,700)
Increase in net OPEB obligation	409,000
Beginning net OPEB obligations at July 1, 2011	2,103,800
Ending net OPEB obligation at June 30, 2012	$2,512,800

See independent accountant's review report.

The College's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2012, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$484,700	9%	$1,722,300
June 30, 2011	415,500	8%	2,103,800
June 30, 2012	438,700	7%	2,512,800

Funded Status and Funding Progress: During fiscal year 2012, neither the College nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the College's entire actuarial accrued liability (AAL) of $2,439,200 was unfunded.

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

AAL	$2,439,200
Actuarial value of plan assets	NONE
UAAL	$2,439,200
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$3,215,692
UAAL as a percentage of covered payroll	76%

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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 7.5% and 8.6% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

9. COMPENSATED ABSENCES

At June 30, 2012, employees of the College have accumulated and vested annual, sick, and compensatory leave of $208,380; $224,217; and $2,978, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

10. LEASE OBLIGATIONS

Lessor - Operating Lease

The College leases space for providing bookstore operations at the College. The following schedule provides an analysis of the cost, accumulated depreciation, and carrying amount of property on lease as of June 30, 2012:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	$165,587	$28,980	$136,607

The following is a schedule, by fiscal years, of minimum future rentals on noncancellable operating leases as of June 30, 2012:

	Office Space
2013	$70,000
2014	70,000
2015	70,000
2016	70,000
2017	70,000
Total minimum future rentals	$350,000

The College had no contingent rental received from operating leases for the fiscal year 2012.

See independent accountant's review report.

11. LONG-TERM LIABILITIES

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

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Accrued compensated absences	$517,334	$79,849	($161,608)	$435,575	$16,142
Other postemployment benefits	2,103,800	438,700	(29,700)	2,512,800	
Total	2,621,134	518,549	(191,308)	2,948,375	16,142

12. RESTRICTED NET ASSETS

The College has the following restricted net assets at June 30, 2012:

Nonexpendable - endowments	$200,000
Expendable:	
Academic Excellence Fee	$2,379,689
Operational Fee	1,134,414
Grants and Contracts	679,598
Student Technology Fee	1,842,318
Building Use Fee	699,930
Total expendable	$6,735,949

Of the net assets reported in the Statement of Net Assets for the year ended June 30, 2012, total of $6,056,351 is restricted by enabling legislation.

13. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets have been restated to reflect the following adjustments:

Net Assets at June 30, 2011	$7,760,834
Capital asset adjustment	160,500
Deferred revenue adjustment	115,000
Net Assets at June 30, 2011, as restated	$8,036,334

See independent accountant's review report.

14. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The College does not have any contingent liabilities to disclose at June 30, 2012. Losses arising from judgments, claims, and similar contingencies would be paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund.

15. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Louisiana Community and Technical College System Board to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2012, net appreciation of donor restricted endowments is equal to $999 which is available to be spent for restricted purposes.

16. AFFILIATED ORGANIZATIONS

The accompanying financial statements do not include the accounts of the South Louisiana Facilities Corporation, which is an affiliated organization of the College. The South Louisiana Facilities Corporation is a non-profit corporation formed in December 2001 to provide funds and oversee construction for the College. The organization is a separate corporation whose financial statements are subject to audit by independent certified public accountants. The Corporation's financial statements are blended with the state in the Louisiana Community and Technical College System financial statements. The audited financial statements for the corporation may be obtained at 301 Main Street, Baton Rouge, Louisiana 70825.

17. 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 of the Plan, available from the Louisiana Legislative Auditor's Web site at www.lla.la.gov.

18. SUBSEQUENT EVENTS

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

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

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress of the other postemployment benefit plan, including the unfunded actuarial accrued liability.

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2009	NONE	$3,721,100	$3,721,100	0.0%	$2,401,400	155%
July 1, 2010	NONE	2,732,200	2,732,200	0.0%	2,844,132	96%
July 1, 2011	NONE	2,439,200	2,439,200	0.0%	3,215,692	76%

EXHIBIT A

Management Letter

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 29, 2012

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

We have reviewed the financial statements of the South Louisiana Community College (College), as of and for the year ended June 30, 2012, and have issued our independent accountant's review report thereon dated October 29, 2012. The South Louisiana Community College is a college within the Louisiana Community and Technical College System, a component unit of the State of Louisiana. The College's accounts are an integral part of the Louisiana Community and Technical College System's 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 independent 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 review report on the College for the year ending June 30, 2010, we reported one finding relating to weakness over scholarship allowances. This finding has been resolved by management.

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. However, during our review procedures, we noted one significant matter requiring communication to management concerning noncompliance with Louisiana law.

Noncompliance with the Dual Employment Law

A Louisiana Community and Technical College System Internal Audit report, dated May 31, 2012, disclosed the College had a full-time employee, who was also employed by Nicholls State University (Nicholls), for the period of January 9, 2012, through April 26, 2012. Louisiana Revised Statute (R.S.) 42:63(E) prohibits a full-time state government employee to hold another full-time state government position. The employee resigned from Nicholls on April 26, 2012.

Through a review of the work papers supporting the internal audit report and the College payroll records for the employee, we determined that the employee was paid $15,560 by the College during the period in which she was dually employed. The internal audit report noted no instances in which the employee's work periods coincided at the two institutions.

The College's policy and new employee packet requires disclosure of outside employment; however, the employee being hired by the College did not complete the outside employment form nor discuss her on-going full-time employment with Nicholls. In April 2012, when trying to verify the employee's leave balance with Nicholls, College personnel were notified that the employee was still employed at Nicholls.

College management should verify that the outside employment form has been completed by all employees and review the form to ensure compliance with R.S. 42:63(E). Management concurred with the finding and provided a corrective action plan (see Appendix A).

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of the College. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the College should be considered in reaching decisions on courses of actions.

This management letter is intended for the information and use of the South Louisiana Community College and its management, others within the College, the Louisiana Community and Technical College System 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 letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KDD:BH:EFS:THC:ch

SLCC12

APPENDIX A

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

South Louisiana Community College

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

Office of the Chancellor

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

RE: **Noncompliance with the Dual Employment Law**

Dear Mr. Purpera:

In response to the above-referenced audit finding, South Louisiana Community College (SLCC) submits the following:

RESPONSE:

South Louisiana Community College concurs with the audit findings and recommendations.

CORRECTIVE ACTIONS:

SLCC recognizes the importance of maintaining compliance with State Statutes. The Director of Human Resources will verify that the outside employment form has been completed by all employees and review the form to ensure compliance with Louisiana Revised Statute 42:63 (E).

Through the Director of Human Resources, the person responsible for corrective action is the Vice Chancellor of Administration and Finance.

Sincerely,

Natalie J. Harder

Natalie J. Harder, PhD
Chancellor