

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Delgado Community College  
State of Louisiana  
New Orleans, Louisiana

December 22, 1999



***Financial and Compliance Audit Division***

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***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, 1999, and for the Years  
Ended June 30, 1999 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 Baton Rouge and New Orleans offices of the Legislative Auditor.

**December 22, 1999**

**DELGADO COMMUNITY COLLEGE  
STATE OF LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998

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

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December 8, 1999

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, 1999, and for the years ended June 30, 1999 and 1998, 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, 1999; the changes in fund balances; and the current funds revenues, expenditures, and other changes for the years ended June 30, 1999 and 1998, in conformity with generally accepted accounting principles.

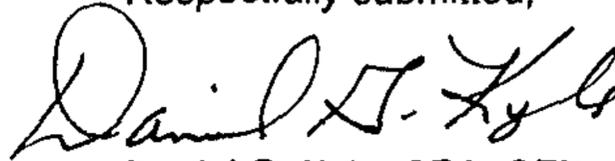
**LEGISLATIVE AUDITOR**

**DELGADO COMMUNITY COLLEGE  
STATE OF LOUISIANA**  
Audit Report, June 30, 1999

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999, 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.

The Year 2000 supplementary information on page 29 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Delgado Community College is or will become Year 2000 compliant, that the college's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the college does business are or will become Year 2000 compliant.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JJS:JR:RCL:ss

{DELGADO}

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

**Balance Sheet, June 30, 1999**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
<b>ASSETS</b>				
Cash and cash equivalents (note 2)	\$672,014	\$2,737,646	\$2,387,061	\$9,958
Investments (note 3)				
Accounts receivable (note 4)	858,203	633,489	1,429,237	
Notes receivable (note 5)				18,854
Due from other funds (note 6)	1,403,868	25,000	130,248	
Deferred charges and prepaid expenses	841,424			
Inventories	131	385,298		
Institutional plant (note 18)				
<b>TOTAL ASSETS</b>	<b>\$3,775,640</b>	<b>\$3,781,433</b>	<b>\$3,946,546</b>	<b>\$28,812</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$1,296,018	\$16,173	\$45,371	\$251
Accrued liabilities	351,573			
Due to state treasury (note 14)	46,035			
Due to other funds (note 6)	142,808		1,188,979	
Deposits held for others	25,904	5,225		
Deferred revenues	1,913,302		300,748	
Bonds payable (note 13)				
Obligations under installment purchase (note 13)				
<b>Total Liabilities</b>	<b>3,775,640</b>	<b>21,398</b>	<b>1,535,098</b>	<b>251</b>
<b>Fund Equity:</b>				
Net investment in plant				
<b>Fund balances:</b>				
Reserved (note 13)				
Current operations - restricted		3,760,035	2,411,448	
Noncurrent operations - restricted (note 16)				28,561
<b>Total Fund Equity</b>	<b>NONE</b>	<b>3,760,035</b>	<b>2,411,448</b>	<b>28,561</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$3,775,640</b>	<b>\$3,781,433</b>	<b>\$3,946,546</b>	<b>\$28,812</b>

The accompanying notes are an integral part of this statement.

Statement A

ENDOWMENT FUNDS	PLANT FUNDS			AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		
\$1,154,274	\$684,197	\$52,453		\$365,929	\$8,063,532
437,594					437,594
	35,888			47,787	3,004,604
		103,802			18,854
					1,662,918
					841,424
					385,429
			\$75,480,286		75,480,286
<u>\$1,591,868</u>	<u>\$720,085</u>	<u>\$156,255</u>	<u>\$75,480,286</u>	<u>\$413,716</u>	<u>\$89,894,641</u>
\$100,629		\$43,494		\$490	\$1,502,426
					351,573
					46,035
116,242	\$214,889				1,662,918
				383,045	414,174
	50,197			30,181	2,294,428
			\$507,000		507,000
			451,546		451,546
<u>216,871</u>	<u>265,086</u>	<u>43,494</u>	<u>958,546</u>	<u>413,716</u>	<u>7,230,100</u>
			74,521,740		74,521,740
		112,761			112,761
1,374,997	454,999				8,001,479
					28,561
<u>1,374,997</u>	<u>454,999</u>	<u>112,761</u>	<u>74,521,740</u>	<u>NONE</u>	<u>82,664,541</u>
<u>\$1,591,868</u>	<u>\$720,085</u>	<u>\$156,255</u>	<u>\$75,480,286</u>	<u>\$413,716</u>	<u>\$89,894,641</u>

**DELGADO COMMUNITY COLLEGE  
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances  
For the Year Ended June 30, 1999**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$39,036,678			
Tuition and fees - restricted			\$2,619,861	
State appropriations - restricted			14,006	
Governmental grants and contracts:				
Federal			15,502,589	
State			328,415	
Private gifts, grants, and contracts - restricted			92,439	
Investment income - restricted			4,393	\$32
Auxiliary enterprise revenues		\$2,671,451		
Endowment income			47,124	
Additions to plant facilities				
Retirement of indebtedness				
Other sources				489
Total revenues and other additions	<u>39,036,678</u>	<u>2,671,451</u>	<u>18,608,827</u>	<u>521</u>
Expenditures and other deductions:				
Educational and general	38,615,603		17,955,332	
Auxiliary enterprises	377,581	2,218,001	16,572	
Expended for plant facilities				
Refunded to grantors				3,276
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other				
Total expenditures and other deductions	<u>38,993,184</u>	<u>2,218,001</u>	<u>17,971,904</u>	<u>3,276</u>
Transfers among funds - additions (deductions) - mandatory - principal and interest	<u>(43,494)</u>			
Total transfers among funds	<u>(43,494)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Inventory increase	<u>NONE</u>	<u>2,035</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	<u>NONE</u>	<u>455,485</u>	<u>636,923</u>	<u>(2,755)</u>
Fund balances at beginning of year	<u>NONE</u>	<u>3,304,550</u>	<u>1,774,525</u>	<u>31,316</u>
Fund balances at end of year	<u><u>NONE</u></u>	<u><u>\$3,760,035</u></u>	<u><u>\$2,411,448</u></u>	<u><u>\$28,561</u></u>

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUNDS	PLANT FUNDS		INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RETIREMENT OF INDEBTEDNESS		
				\$39,036,678
	\$598,945			3,218,806
				14,006
				15,502,589
\$40,000				368,415
				92,439
	47,452			51,877
				2,671,451
17,174				64,298
			\$5,876,818	5,876,818
			126,569	126,569
	490,115			490,604
<u>57,174</u>	<u>1,136,512</u>	<u>NONE</u>	<u>6,003,387</u>	<u>67,514,550</u>
	1,120,672			57,691,607
				2,612,154
	214,889			214,889
				3,276
		\$126,569		126,569
		28,643		28,643
			728,875	728,875
			490,115	490,899
<u>NONE</u>	<u>1,335,561</u>	<u>155,212</u>	<u>1,218,990</u>	<u>61,896,912</u>
	(112,502)	155,996		
<u>NONE</u>	<u>(112,502)</u>	<u>155,996</u>	<u>NONE</u>	<u>NONE</u>
<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>2,035</u>
57,174	(311,551)	NONE	4,784,397	5,619,673
1,317,823	766,550	112,761	69,737,343	77,044,868
<u>\$1,374,997</u>	<u>\$454,999</u>	<u>\$112,761</u>	<u>\$74,521,740</u>	<u>\$82,664,541</u>

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

**Statement of Revenues, Expenditures,  
and Other Changes  
For the Year Ended June 30, 1999**

	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>RESTRICTED</u>
Revenues:			
Tuition and fees	\$14,860,898		\$2,167,704
State appropriations	23,298,176		
Governmental grants and contracts:			
Federal			15,498,473
State			236,160
Private gifts, grants, and contracts			68,555
Sales and services of education departments	29,215		
Investment income	44,483		
Endowment income			1,012
Auxiliary enterprise revenue		\$2,671,451	
Administrative expense recovery	85,699		
Other sources	718,207		
Total revenues	<u>39,036,678</u>	<u>2,671,451</u>	<u>17,971,904</u>
Expenditures and transfers:			
Educational and general:			
Instruction	22,779,773		5,168,908
Research	135,000		
Public service	183,592		
Academic support	3,673,758		195,902
Student services	2,003,636		450
Institutional support	4,580,138		2,106
Operations and maintenance of plant	3,990,859		46,056
Scholarships and fellowships	1,268,847		12,541,910
Total educational and general expenditures	<u>38,615,603</u>	NONE	<u>17,955,332</u>
Auxiliary enterprises expenditures	377,581	2,218,001	16,572
Mandatory transfers for principal and interest	43,494	NONE	NONE
Total expenditures and transfers	<u>39,036,678</u>	<u>2,218,001</u>	<u>17,971,904</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			636,923
Inventory increase		2,035	
Net increase in fund balances	<u>NONE</u>	<u>\$455,485</u>	<u>\$636,923</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 FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$39,090,745			
Tuition and fees - restricted			\$1,958,412	
Governmental grants and contracts:				
Federal			13,816,457	
State			459,814	
Private gifts, grants, and contracts - restricted			351,254	
Investment income - restricted			4,689	\$34
Auxiliary enterprise revenues		\$2,704,600		
State funded endowments				
Endowment income			45,194	
Additions to plant facilities				
Retirement of indebtedness				
Other sources				1,035
Total revenues and other additions	<u>39,090,745</u>	<u>2,704,600</u>	<u>16,635,820</u>	<u>1,069</u>
Expenditures and other deductions:				
Educational and general	38,752,979		15,907,290	
Auxiliary enterprises	337,766	2,269,363	9,672	
Auxiliary equipment purchases		18,590		
Refunded to grantors				2,041
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Interagency transfers to Office of Facility Planning and Control		308,000		
Other				
Total expenditures and other deductions	<u>39,090,745</u>	<u>2,595,953</u>	<u>15,916,962</u>	<u>2,041</u>
Transfers among funds - additions (deductions) - mandatory - principal and interest				
Total transfers among funds	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Inventory decrease	<u>NONE</u>	<u>(144,697)</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	NONE	(36,050)	718,858	(972)
Fund balances at beginning of year	<u>NONE</u>	<u>3,340,600</u>	<u>1,055,667</u>	<u>32,288</u>
Fund balances at end of year	<u>NONE</u>	<u>\$3,304,550</u>	<u>\$1,774,525</u>	<u>\$31,316</u>

The accompanying notes are an integral part of this statement.

Statement D

ENDOWMENT FUNDS	PLANT FUNDS		INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RETIREMENT OF INDEBTEDNESS		
				\$39,090,745
	\$605,804			2,564,216
				13,816,457
				459,814
				351,254
	63,999			68,722
				2,704,600
\$100,000				100,000
16,050				61,244
			\$16,034,612	16,034,612
			84,000	84,000
				1,035
<u>116,050</u>	<u>669,803</u>	<u>NONE</u>	<u>16,118,612</u>	<u>75,336,699</u>
	694,440			55,354,709
				2,616,801
				18,590
				2,041
		\$84,000		84,000
		27,875		27,875
			530,992	530,992
				308,000
		898		898
<u>NONE</u>	<u>694,440</u>	<u>112,773</u>	<u>530,992</u>	<u>58,943,906</u>
	(112,773)	112,773		
<u>NONE</u>	<u>(112,773)</u>	<u>112,773</u>	<u>NONE</u>	<u>NONE</u>
<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>(144,697)</u>
116,050	(137,410)	NONE	15,587,620	16,248,096
1,201,773	903,960	112,761	54,149,723	60,796,772
<u>\$1,317,823</u>	<u>\$766,550</u>	<u>\$112,761</u>	<u>\$69,737,343</u>	<u>\$77,044,868</u>

DELGADO COMMUNITY COLLEGE  
STATE OF LOUISIANA  
CURRENT FUNDS

Statement of Revenues, Expenditures,  
and Other Changes  
For the Year Ended June 30, 1998

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$15,553,223		\$1,534,585
State appropriations	22,824,492		
Governmental grants and contracts:			
Federal			13,903,158
State			346,197
Private gifts, grants, and contracts			132,007
Sales and services of education departments	27,371		
Investment income	38,108		
Endowment income			1,015
Auxiliary enterprise revenue		\$2,704,600	
Administrative expense recovery	190,590		
Other sources	456,961		
Total revenues	<u>39,090,745</u>	<u>2,704,600</u>	<u>15,916,962</u>
Expenditures and transfers:			
Educational and general:			
Instruction	22,966,920		4,265,137
Research	131,725		
Public service	190,397		
Academic support	3,341,121		181,930
Student services	1,914,820		2,288
Institutional support	4,119,494		1,877
Operations and maintenance of plant	4,971,470		100,804
Scholarships and fellowships	1,117,032		11,355,254
Total educational and general expenditures	<u>38,752,979</u>	NONE	<u>15,907,290</u>
Auxiliary enterprises expenditures	337,766	2,287,953	9,672
Mandatory transfers - other		308,000	
Total expenditures and transfers	<u>39,090,745</u>	<u>2,595,953</u>	<u>15,916,962</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			718,858
Inventory decrease		(144,697)	
Net increase (decrease) in fund balances	<u>NONE</u>	<u>(\$36,050)</u>	<u>\$718,858</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, 1999, and for the Years  
Ended June 30, 1999 and 1998

**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 discussed in note 22, the management and supervision of the college was transferred on July 1, 1999, to the Board of Supervisors of the Louisiana Community and Technical College System. 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 Charity School of Nursing, and in Slidell. Student enrollment was 5,714, 13,355, and 13,326, during the summer, fall, and spring semesters, respectively, of the 1998-99 fiscal year. Student enrollment was 5,625, 14,111, and 13,660 during the summer, fall, and spring semesters, respectively, for the 1997-98 fiscal year. The college has approximately 338 full-time faculty members for the 1998-99 fiscal year and 347 full-time faculty members for the 1997-98 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.

### **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 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 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 prorated, but are recognized in the succeeding year.

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

	Fiscal Year Ended	
	<u>June 30, 1999</u>	<u>June 30, 1998</u>
Original approved budget	\$42,188,329	\$41,573,094
Amendments:		
Increase to reflect Enhancement Distributions per Act 18 of 1997		967,444
Increase to reflect Board of Regents allocations	<u>1,067,216</u>	
Total budgeted amount	<u>\$43,255,545</u>	<u>\$42,540,538</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.

**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.

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

**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 investments consist of United States Treasury Bills and are stated at fair value.

**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, 1999, but applicable to the 1999 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, 1999 and 1998, all outstanding encumbrances were canceled and reissued during the subsequent fiscal year.

**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

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

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, 1999, the college has cash (book balances) totaling \$8,063,532 as follows:

Petty cash	\$27,040
Demand deposits	275,915
Interest-bearing demand deposits	3,148,776
Time deposits	<u>4,611,801</u>
Total	<u><u>\$8,063,532</u></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 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, 1999, the college has \$9,686,342 in deposits (collected bank balances). These deposits are secured from risk by \$442,053 of federal deposit insurance (GASB Category 1) and \$9,244,289 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**3. INVESTMENTS**

At June 30, 1999, the college has investments totaling \$437,594 in the Endowment Funds. The investments are United States Treasury Bills in the name of the college and are held in the trust department of a custodial bank selected by the college (GASB Category 1).

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

**4. ACCOUNTS RECEIVABLE**

Accounts receivable are shown on Statement A as follows:

<u>Fund</u>	<u>Tuition and Fees</u>	<u>State Appropriations</u>	<u>Federal Grants and Contracts</u>	<u>Other</u>	<u>Total</u>
General	\$597,854	\$100,000		\$160,349	\$858,203
Auxiliary Enterprises				633,489	633,489
Restricted	76,438		\$1,246,345	106,454	1,429,237
Unexpended Plant	35,888				35,888
Agency	47,787				47,787
Total	<u>\$757,967</u>	<u>\$100,000</u>	<u>\$1,246,345</u>	<u>\$900,292</u>	<u>\$3,004,604</u>

**5. NOTES RECEIVABLE**

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

	<u>Notes Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Statement A</u>
Perkins Loans	\$63,554	\$50,500	\$13,054
Aetna Emergency Loan Fund	1,076		1,076
Sears Loan Fund	1,224		1,224
Kellogg	3,500		3,500
Total	<u>\$69,354</u>	<u>\$50,500</u>	<u>\$18,854</u>

**6. DUE TO/FROM OTHER FUNDS**

The following is a summary of amounts due to/from other funds at June 30, 1999:

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Funds:		
General	\$1,403,868	\$142,808
Auxiliary enterprise	25,000	
Restricted	130,248	1,188,979
Endowment Funds		116,242
Plant Funds - unexpended		214,889
Agency Funds	<u>103,802</u>	
 Total	 <u><u>\$1,662,918</u></u>	 <u><u>\$1,662,918</u></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 system 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 supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

*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 8% (TRS) and 7.5% (LASERS) of covered salaries. The state was required to contribute 16.5% of covered salaries to TRS and 12.4% of covered salaries to LASERS for the year ended June 30, 1999. The state was required to contribute 16.4% (TRS) and 13% (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

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

years ended June 30, 1999, 1998, and 1997, were \$1,883,380, \$1,905,349, and \$1,728,252, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1997, were \$716,973, \$748,314, and \$690,793, respectively, equal to the required contributions for each year.

**8. 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 16.5% and 16.4% of the covered payroll for the years ended June 30, 1999 and 1998, respectively. The participant's contribution (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 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 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 \$989,320, \$973,675, and \$878,177 for the years ended June 30, 1999, 1998, and 1997, 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

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

retirees (college's portion of premiums) as an expenditure when paid during the year. These retiree benefits total \$298,703 and \$289,028 for the years ended June 30, 1999 and 1998, 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 Office of Risk Management, the state agency responsible for the state's risk management program, operates the self-insurance fund. The college is involved in one lawsuit at June 30, 1999.

**11. COMPENSATED ABSENCES**

At June 30, 1999, employees of the college have accumulated and vested \$3,066,892 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.105. 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, 1997, would be (increased) decreased as follows:

	General Fund	Auxiliary Fund	Restricted Fund	Total
Beginning Balance, July 1, 1997	\$2,937,466	\$25,229	\$37,683	\$3,000,378
Expenditures, Fiscal Year 1998	35,561	(6,299)	5,870	35,132
Expenditures, Fiscal Year 1999	8,787	9,577	13,018	31,382
Ending Balance, June 30, 1999	<u>\$2,981,814</u>	<u>\$28,507</u>	<u>\$56,571</u>	<u>\$3,066,892</u>

**12. LEASES**

The college has no material operating or capital leases as a lessee at June 30, 1999.

As a lessor, the college leases office space to General Motors Corporation under an operating lease agreement. Future minimum rental payments to be received under this operating lease are as follows:

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

Fiscal year ending June 30,	
2000	\$59,640
2001	59,640
2002	59,640
2003	<u>29,820</u>
Total	<u><u>\$208,740</u></u>

**13. LONG-TERM DEBT**

The college entered into an installment purchase agreement on March 29, 1999, with Alltel Information Services, Inc., for the purchase of certain IBM computer equipment. The agreement requires scheduled payments on a monthly basis for three years beginning in April 1999 with an effective rate of 4.127%. A detailed summary of installment payments follows:

Total amount financed	\$490,115
1999 payments	<u>(38,569)</u>
Balance at June 30, 1999	<u><u>\$451,546</u></u>

A detailed summary of all bonded debt outstanding at June 30, 1999, including interest payments of \$82,387, follows:

	Educational Facility Bonds - Series				Total
	1970-A	1970-B	1972-A	1976-C	
Date of Issue	1/15/70	1/15/70	4/1/72	6/1/76	
Original Issue	<u>\$521,000</u>	<u>\$391,000</u>	<u>\$150,000</u>	<u>\$800,000</u>	<u>\$1,862,000</u>
Outstanding at June 30, 1997	\$240,000	\$179,000	\$50,000	\$210,000	\$679,000
Redeemed, 1998	15,000	12,000	9,000	48,000	84,000
Redeemed, 1999	<u>16,000</u>	<u>12,000</u>	<u>9,000</u>	<u>51,000</u>	<u>88,000</u>
Outstanding at June 30, 1999	<u>\$209,000</u>	<u>\$155,000</u>	<u>\$32,000</u>	<u>\$111,000</u>	<u>\$507,000</u>
Maturities	1999-2010	1999-2010	1999-2002	1999-2001	
Interest Rates	3%	3%	6.125-6.5%	5.8%	
Interest Outstanding, June 30, 1999	<u>\$39,540</u>	<u>\$29,040</u>	<u>\$4,063</u>	<u>\$9,744</u>	<u>\$82,387</u>

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

The annual requirements to amortize all bonds outstanding at June 30, 1999, including interest of \$82,387, are as follows:

	Educational Facility Bonds - Series				Total
	1970-A	1970-B	1972-A	1976-C	
2000	\$22,270	\$16,650	\$12,000	\$60,438	\$111,358
2001	22,790	17,290	12,375	60,306	112,761
2002	22,280	16,900	11,688		50,868
2003	22,770	16,510			39,280
2004	22,230	17,120			39,350
Subsequent years	136,200	99,570			235,770
Total	<u>\$248,540</u>	<u>\$184,040</u>	<u>\$36,063</u>	<u>\$120,744</u>	<u>\$589,387</u>

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, 1999, 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 \$46,035 due to the state treasury at June 30, 1999. 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 1985 [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, 1999. At least 50% 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 Universities, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. The college has \$46,035 of its state General Fund appropriation remaining at June 30, 1999, which may be retained for preventative maintenance (Act 971 of 1985).

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

**15. ENDOWMENT FUNDS**

The endowment funds consist of thirteen endowed professorships for which private contributions of \$60,000 for each professorship have been matched by state funds of \$40,000. 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% of the previous year's earnings.

Seymour Weiss Endowed Professorship	\$114,376
Slidell Memorial Hospital Endowed Professorship	111,031
Jo Ellen Smith Medical Center and Meadowcrest Hospital Endowed Professorship	111,069
Alton Ochsner Medical Foundation Endowed Professorship	104,902
Chalmette Medical Center Endowed Professorship	104,902
East Jefferson Hospital Endowed Professorship #1	104,251
East Jefferson Hospital Endowed Professorship #2	104,251
East Jefferson Hospital Endowed Professorship #3	104,679
East Jefferson Hospital Endowed Professorship #4	102,262
Food and Wine Culinary Endowed Professorship	103,858
Health Science Endowed Professorship	103,872
Terrebonne Endowed Professorship	104,100
Pendleton Methodist Hospital Endowed Professorship	101,444
	<hr/>
Total	<u>\$1,374,997</u>

**16. STUDENT LOAN FUNDS**

The fund balances of the student loan funds at June 30, 1999, are as follows:

National Defense/Direct Student Loan Fund	\$15,543
Aetna Emergency Loan Fund	1,089
Sears Loan Fund	1,179
Kellogg Foundation	10,750
	<hr/>
Total	<u>\$28,561</u>

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

**17. AGENCY FUNDS**

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

Student Government Association:	
Nursing School	\$17,290
City Park Campus	(31,476)
West Bank Campus	60,898
Scholarships	49,879
Student Life Center	277,110
Others	<u>9,344</u>
 Total	 <u><u>\$383,045</u></u>

**18. PLANT FUNDS**

The restricted fund balances of the unexpended plant funds at June 30, 1999, are as follows:

Building Use Fee Fund	\$236,626
Parking Permits and Fines Fund	<u>218,373</u>
 Total	 <u><u>\$454,999</u></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. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section Co5.102 states, "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. 99, *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

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

after January 1, 1990. As reflected in note 1-D, depreciation is not currently recognized by the college.

A summary of investments in plant follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land and improvements	\$4,654,248	\$247,459		\$4,901,707
Buildings	25,592,145	10,230,113		35,822,258
Equipment	17,939,985	3,805,168	\$530,992	21,214,161
Library books	5,018,269	378,444		5,396,713
Construction in progress	1,624,076	1,373,428		2,997,504
Total	<u>\$54,828,723</u>	<u>\$16,034,612</u>	<u>\$530,992</u>	<u>\$70,332,343</u>

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land and improvements	\$4,901,707			\$4,901,707
Buildings	35,822,258	\$240,091		36,062,349
Equipment	21,214,161	2,684,572	\$728,875	23,169,858
Library books	5,396,713	388,610		5,785,323
Construction in progress	2,997,504	2,563,545		5,561,049
Total	<u>\$70,332,343</u>	<u>\$5,876,818</u>	<u>\$728,875</u>	<u>\$75,480,286</u>

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. Senate Bill 1068 of 1997 Regular Session transferred the former Louisiana Technical College - New Orleans Campus to Delgado Community College effective July 1, 1997. The transfers resulted in \$12,288,252 of additions to plant facilities. The campus is contiguous with the City Park Campus of Delgado and operates as a division of the community college.

In accordance with R.S. 39:321-332, the college has complied with the Louisiana movable property statutes.

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

**19. 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, 1999, and June 30, 1998, are shown as follows:

	<u>City Park Cafeteria</u>	<u>City Park Bookstore</u>	<u>West Bank Bookstore</u>	<u>Nursing Dorm</u>	<u>Children's Center</u>	<u>Total</u>
<u>1999</u>						
Net increase in fund balances	\$19,970	\$324,858	\$101,010		\$9,647	\$455,485
Net income	19,970	326,365	97,468		9,647	453,450
Net assets	221,429	3,051,446	347,836	\$213,153	(73,829)	3,760,035
	<u>City Park Cafeteria</u>	<u>City Park Bookstore</u>	<u>West Bank Bookstore</u>	<u>Nursing Dorm</u>	<u>Children's Center</u>	<u>Total</u>
<u>1998</u>						
Net increase (decrease) in fund balances	\$15,591	\$164,337	(\$243,117)		\$27,139	(\$36,050)
Net income (loss)	15,591	320,069	(254,152)		27,139	108,647
Net assets	201,459	2,726,388	246,826			3,174,673

**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, 1998 and 1999.

**21. 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.

**22. SUBSEQUENT EVENTS**

On July 1, 1999, the management and supervision of the college was transferred from the University of Louisiana System Board of Trustees to the Board of Supervisors of the Louisiana Community and Technical College System.

**DELGADO COMMUNITY COLLEGE**  
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Notes to the Financial Statements (Concluded)

On April 15, 1999, the Louisiana State Bond Commission approved the issuance of up to \$4,600,000 in bonds for the purpose of designing and building a new facility and renovating portions of the Delgado Community College City Park Campus (the "College") for the creation of a student life center. The Louisiana Local Governmental Environmental Facilities and Community Development Authority issued \$4,395,000 of 30-year bonds dated and delivered November 9, 1999, on behalf of the Delgado Community College Development Foundation (the "Foundation").

Pursuant to terms of a Ground and Buildings Lease Agreement dated June 1, 1999, the Foundation will sublease a tract of land and a portion of the existing facilities from the Board of Supervisors of the University of Louisiana System (the "Board"). The new facilities will be subleased by the Foundation to the Board in accordance with the provisions of an Agreement to Lease dated as of June 1, 1999 (the "Facilities Lease"). In accordance with the Facilities Lease, the Foundation on behalf of the Board will develop, renovate, and construct the existing facilities and new facilities, and lease back the facilities to the Board for use by students, faculty, and staff of the college.

The college will use future monies collected from the student self-assessment fees (projected to total over \$300,000 a year) to fund their annually appropriated lease payment. The Foundation's annual net debt service payments are expected to be approximately \$300,000.

Statement A includes collected student self-assessment fees (net of other charges) of \$277,110 in the deposits held for others in the Agency Fund at June 30, 1999, which are held for this project.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following page contains supplementary information required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

**DELGADO COMMUNITY COLLEGE  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998**

**YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect Delgado Community College's operations as early as 1999.

The college has addressed the Year 2000 (Y2K) compliance issue relating to its computer systems and other electronic equipment. During the year ended June 30, 1999, the college updated its computer and other electronic equipment at a cost of \$228,500. Assurances were received from the supplier that accounting hardware and software is Y2K compliant.

In addition, the college's administration has contacted most of its vendors and suppliers to determine whether its equipment will experience any problems relating to the Y2K issue. The responses indicate that all major equipment is Y2K compliant. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the Year 2000 and thereafter. Consequently, management cannot assure that the college's remediation efforts will be successful in whole or in part or that parties with whom the college does business will be Year 2000 compliant.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control 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.



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

December 8, 1999

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**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, 1999, and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated December 8, 1999. 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to *significant deficiencies in the design or operation of the internal control over financial reporting* that, in our judgment, could adversely affect Delgado Community College's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraphs:

**EXHIBIT A**

## LEGISLATIVE AUDITOR

**DELGADO COMMUNITY COLLEGE**  
**NEW ORLEANS, LOUISIANA**  
Compliance and Internal Control Report  
December 8, 1999  
Page 2

### **Theft of Student Loan Checks**

During the fiscal year ended June 30, 1999, Federal Family Education Loan Program (CFDA 84.032) checks, totaling \$41,000, were fraudulently cashed and another \$19,000 in checks were missing. The fraudulent checks were discovered when a student at Delgado Community College complained that she did not receive her loan check, and an internal review by the college's employees determined that someone other than the intended recipient had negotiated the check. The college stopped payment on the \$19,000 in missing checks.

A good system of internal control requires that when the college receives student loan checks in the mail, the checks received should be compared to the check register in order to account for all checks. In some of the check mailings, the college did not receive a check register with the student loan checks; therefore, the college was unable to compare the checks received to the check register. The theft is currently being investigated by investigators from the United States Department of Education with assistance from the Federal Bureau of Investigation, state and local police, and the United States Postal Inspectors. Because of the complex nature of the check-cashing scheme, it has not been determined who is responsible for the theft and whether anyone associated with Delgado Community College is involved.

Delgado Community College should compare the receipt of student loan checks to the check register to ensure that all checks mailed were in fact received. If a check register is not received with the student loan checks, the college should immediately contact the entity that sent the checks to obtain a copy of the check register. Management of the college concurred with the finding and recommendation (see Appendix A, page 1).

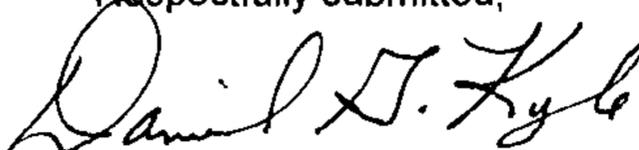
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that are considered to be material weaknesses.

LEGISLATIVE AUDITOR

DELGADO COMMUNITY COLLEGE  
NEW ORLEANS, LOUISIANA  
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This report is intended solely for the information and use of Delgado Community College and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JJS:JR:RCL:ss

(DELGADO)

EXHIBIT A

## Appendix A

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

OFFICE OF THE CHANCELLOR  
501 City Park Avenue  
New Orleans, Louisiana 70119-4399  
(504) 483-4085  
FAX (504) 483-4088

November 19, 1999

Dr. Daniel G. Kyle  
Legislative Auditor  
1600 North Third St.  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

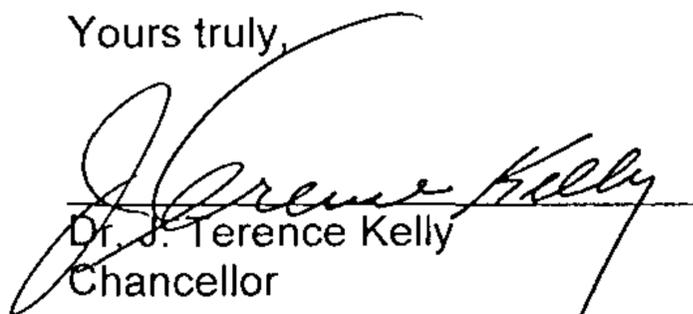
Dear Dr. Kyle:

Listed below is Delgado Community College's response to the finding listed in the 1997-98 and 1998-99 Bi-Annual Audit:

Theft of Student Loan Checks

The College agrees with the finding and will ensure that our internal control procedures in place are being followed.

Yours truly,

  
Dr. J. Terence Kelly  
Chancellor

  
A. C. Eagan, III  
Vice Chancellor for Business Affairs

JTK:ACE,III/sgb