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CERTIFIED PUBLIC ACCOUNTANTS
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

To the Board of Commissioners
Special Education District #1
Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

In connection with our audit of the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana, and with our consideration of Special Education District #1 of Lafourche Parish, Louisiana's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Special Education District #1 of Lafourche Parish, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Special Education District #1 of Lafourche Parish, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with these requirements.

This report is intended for the information of the management, the Board of Commissioners of the Special Education District #1 of Lafourche Parish, Louisiana, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
August 6, 1996

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Commissioners
Special Education District #1
of Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996. These general purpose financial statements are the responsibility of Special Education District #1 of Lafourche Parish, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Thibodaux, Louisiana
August 6, 1996

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**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Schedule of Federal Financial Assistance
Year Ended June 30, 1996

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Revenues</u>	<u>Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through LA Department of Health and Hospitals			
Adult Day-Care Grant	13.667	\$210,917 *	370,081
Medical Assistance Program- Medicaid Waiver Grant	13.714	<u>7,736 *</u>	<u> </u>
Total for Department of Health and Human Services		<u>218,653</u>	<u>370,081</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Disaster Assistance	83.516	<u>2,149</u>	
<u>DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Social Services			
Rehabilitation Services - Basic Support - Title I - LRS	84.126A	<u>29,028 *</u>	
Totals		<u>\$249,830</u>	<u>\$370,081</u>

* - Expenditures grouped into same accounts.

See Notes to Federal Financial Assistance.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Schedule of Federal Financial Assistance
Year Ended June 30, 1996

Note 1 General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the Special Education District #1 of Lafourche Parish, Louisiana. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Note 2 Basis of Accounting

The accompanying schedule of federal financial assistance is presented using the modified-accrual basis of accounting which is described in Note 1 to the general purpose financial statements.

Note 3 Major Programs

The Special Education District #1 has no major programs as defined by Public Law 98-502, "The Single Audit Act."

Note 4 Findings of Noncompliance

There were no findings of noncompliance to disclose.

Note 5 Expenditures

The expenditures listed in the accompanying schedule of federal financial assistance include Special Education District #1 funds expended along with federal funds for the related programs.

Note 6 Combined Programs

Several program expenditures are accounted for in the same account on Special Education District #1's chart of accounts and are reported as combined on the Schedule of Federal Financial Assistance. The revenue received from each of these grants is accounted for separately.



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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Commissioners
Special Education District #1
Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Special Education District #1 of Lafourche Parish, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinion on the Special Education District #1's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 6, 1996.

The management of Special Education District #1 of Lafourche Parish, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

- Cash
- Investments
- Revenue, receivables, and receipts
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Inventories
- Property, equipment, and capital expenditures
- Debt and debt service expenditures
- Grant and similar programs

Controls over Federal Assistance Programs

General requirements

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug Free Workplace Act
- Administrative Requirements



Specific Requirements

- Types of services allowed or not allowed
- Eligibility
- Reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Special Education District #1 of Lafourche Parish, Louisiana, had no major federal financial assistance programs and expended 84% of its total federal financial assistance under the following nonmajor federal financial assistance program:

- Adult Day-Care Grant

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.



**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

H. Compensated absences

The Center compensates substantially all full time employees for unused accumulated sick leave up to certain limits. Sick leave is not paid upon termination or retirement. For all funds this liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment and reasonably estimated. The current portion of the liability is reported in the general fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is reported in the general long term debt account group.

I. Ad Valorem taxes

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes for The Center are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those tax receivables expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

J. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for specific future use.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Commissioners
Special Education District #1
Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1, of Lafourche Parish, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We have applied procedures to test Special Education District #1 of Lafourche Parish, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug Free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Special Education District #1 of Lafourche Parish, Louisiana's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Special Education District #1 of Lafourche Parish, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of management, the Board of Commissioners of Special Education District #1 of Lafourche Parish, Louisiana, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
August 6, 1996

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In planning and performing our audit of the general purpose financial statements of the Special Education District #1 of Lafourche Parish, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the Board of Commissioners of the Special Education District #1, Lafourche Parish, Louisiana, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
August 6, 1996

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Special Education District #1
of Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards; and *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 general purpose financial statements are free of material misstatement.

The management of Special Education District #1 of Lafourche Parish, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Special Education District #1
of Lafourche Parish, Louisiana
Page 4

This report is intended for management, the Board of Commissioners of the Special Education District #1 of Lafourche Parish, Louisiana, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
August 6, 1996

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**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

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**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Fixed assets (Continued)

Certain fixed assets costing \$805 which have been acquired with State of Louisiana grant revenues are included among general fixed assets for custodial control purposes. Title to these assets vests with the State; The Center acts only as a custodian.

E. Cash deposits and investments

Deposits with financial institutions are fully collateralized in accordance with state statutes. The Center invests all surplus funds for which it is practicable to do so in certificates of deposits. Investments in certificates of deposits are stated at cost which approximates market.

F. Budgets and budgetary accounting

The Finance Committee of the Board of Commissioners prepares a balanced operating budget each year which is then ratified by the full Board after an appropriate public hearing. The budget contains an appropriation resolution which authorizes the expenditures of funds up to the budgeted amount of the year.

The budget may be amended during the year as conditions dictate so long as it remains in balance. One-half of the prior year's appropriation automatically renews each year without any formal Board approval.

G. Inventories

Inventory of food in the general fund is valued at cost (first-in, first-out).

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

B. Fund accounting (Continued)

The General Long-Term Debt Account Group is used to account for all long-term obligations of The Center.

C. Basis of accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. All major revenues except interest are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Center does not use an encumbrance system.

D. Fixed assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, and are recorded as expenditures in the governmental fund types when purchased.

All purchased fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

A. Reporting entity (Continued)

In applying these criteria there are no potential component units to be included in these financial statements.

B. Fund accounting

The accounts of The Center are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into two generic funds and one broad fund category. For the purposes of these general purpose financial statements, the following fund types and account groups are used:

Governmental Funds -

General Fund:

The General Fund is the general operating fund of The Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Account Groups:

The General Fixed Assets Account Group is used to account for all fixed assets of The Center.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

A. Reporting entity (Continued)

- 1) It has a separately elected governing body.
- 2) It is legally separate.
- 3) It is fiscally independent of other state and local governments.

Inclusion of a "potential component unit" in the primary government's reporting entity depends on whether the primary government is financially accountable for the potential component unit. The key criteria for deciding financial accountability are any one of the following criteria:

- a. Fiscal dependency of the potential component unit on the primary government, or
- b. The primary government appoints a voting majority of the potential component unit's governing body and
 - 1) the primary government can impose its will on the potential component unit and/or
 - 2) a financial benefit/burden relationship exists between the primary government and the potential component unit; or
- c. The primary government's financial statements would be misleading or incomplete if the potential component unit were excluded.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements
June 30, 1996

Special Education District #1 of Lafourche Parish, Louisiana (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

Note 1 **Summary of Significant Accounting Policies**

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

A. Reporting entity

GASBS No. 14 "The Financial Reporting Entity," sets forth the standards for defining and presenting the reporting entity in financial statements. To fairly present the financial position and results of operations of the financial reporting entity, a government must determine whether its reporting entity consists of only the legal entity known as the "primary government" or one or more organizations called "component units."

According to GASBS No. 14, Special Education District No. 1 of Lafourche Parish, Louisiana is considered a primary government defined as any state government or general purpose local government or a special purpose government that meets all of the following criteria:

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Debt Service Fund
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$218,137	\$220,676	\$2,539
Interest Income	1,384	1,108	(276)
Total Revenues	<u>219,521</u>	<u>221,784</u>	<u>2,263</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal	115,000	115,000	0
Interest	54,490	54,490	0
Bank Fees	223	223	0
Pension Expense	6,759	6,759	0
Total Expenditures	<u>176,472</u>	<u>176,472</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	43,049	45,312	2,263
<u>FUND BALANCE</u>			
Beginning of year	44,780	44,779	(1)
End of year	<u>\$87,829</u>	<u>\$90,091</u>	<u>\$2,262</u>

See Notes to the Financial Statements.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$438,227	\$444,540	\$6,313
State Revenue Sharing	48,776	48,776	0
Donations	3,193	3,693	500
Interest Income	45,238	45,900	662
Miscellaneous	3,500	3,667	167
Adult Services	364,300	368,144	3,844
School Lunch Program	39,206	37,987	(1,219)
Preschool Program	8,400	8,400	0
Bayou Council on Alcoholism	2,200	2,200	0
FEMA Grant Revenue	0	2,149	2,149
Total Revenues	<u>953,040</u>	<u>965,456</u>	<u>12,416</u>
<u>EXPENDITURES</u>			
Current:			
District and School			
Administration	234,082	246,222	(12,140)
Adult Instruction	369,789	370,396	(607)
School Lunch Services	63,900	59,705	4,195
Transportation Services	33,954	31,660	2,294
Physical Plant	82,043	69,222	12,821
Total Current	<u>783,768</u>	<u>777,205</u>	<u>6,563</u>
Capital Outlay	28,700	25,038	3,662
Total Expenditures	<u>812,468</u>	<u>802,243</u>	<u>10,225</u>
Excess (Deficiency) of Revenues Over Expenses	140,572	163,213	22,641
<u>FUND BALANCE</u>			
Beginning of year	1,112,036	1,112,036	0
End of year	<u>\$1,252,608</u>	<u>\$1,275,249</u>	<u>\$22,641</u>

See Notes to Financial Statements.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 1996

	General Fund	Debt Service Fund	Totals (Memorandum Only)
<u>REVENUES</u>			
Ad Valorem Taxes	\$444,540	\$220,676	\$665,216
State Revenue Sharing	48,776		48,776
Donations	3,693		3,693
Interest Income	45,900	1,108	47,008
Miscellaneous	3,667		3,667
Adult Services	368,144		368,144
School Lunch Program	37,987		37,987
Preschool Program	8,400		8,400
Bayou Council on Alcoholism	2,200		2,200
FEMA Grant Revenue	2,149		2,149
Total Revenues	965,456	221,784	1,187,240
<u>EXPENDITURES</u>			
Current:			
District and School Administration	246,222	6,759	252,981
Adult Instruction	370,396		370,396
School Lunch Services	59,705		59,705
Transportation Services	31,660		31,660
Physical Plant	69,222		69,222
Total Current	777,205	6,759	783,964
Debt Service:			
Principal retirement		115,000	115,000
Interest and Fees		54,713	54,713
Total Debt Service		169,713	169,713
Capital Outlay	25,038		25,038
Total Expenditures	802,243	176,472	978,715
Excess (Deficiency) of Revenue Over Expenditures	163,213	45,312	208,525
<u>FUND BALANCE</u>			
Beginning of year	1,112,036	44,779	1,156,815
End of year	\$1,275,249	\$90,091	\$1,365,340

See Notes to Financial Statements.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1996

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS			TOTALS (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt			
LIABILITIES							
Accounts payable and accrued expenses	\$4,498						\$4,498
Matured bonds payable		\$3,410					3,410
Compensated absences payable	11,315			\$65,237			76,552
General Obligation bonds payable				845,000			845,000
TOTAL LIABILITIES	<u>15,813</u>	<u>3,410</u>		<u>910,237</u>			<u>929,460</u>
FUND EQUITY							
Investment in general fixed assets			\$2,997,558				2,997,558
Custodial assets			805				805
Fund Balances:							
Reserved for debt service		90,091					90,091
Reserved for capital improvements	89,088						89,088
Unreserved - Undesignated	1,186,161						1,186,161
TOTAL FUND EQUITY	<u>1,275,249</u>	<u>90,091</u>	<u>2,998,363</u>				<u>4,363,703</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,291,062</u>	<u>\$93,501</u>	<u>\$2,998,363</u>		<u>\$910,237</u>		<u>\$5,293,163</u>

See Notes to Financial Statements.

Special Education District # 1
of Lafourche Parish, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated August 6, 1996 on our consideration of Special Education District #1 of Lafourche Parish, Louisiana's internal control structure and a report dated August 6, 1996 on its compliance with laws and regulations.

Thibodaux, Louisiana
August 6, 1996

Stagni & Company





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Special Education District #1
of Lafourche Parish, Louisiana

We have audited the accompanying general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana as of and for the year ended June 30, 1996, as listed in the financial section of the table of contents. These general purpose financial statements are the responsibility of the Special Education District #1 of Lafourche Parish, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Special Education District #1 of Lafourche Parish, Louisiana as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.



STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Special Education District #1
of Lafourche Parish, Louisiana

We have audited the general purpose financial statements of Special Education District #1 of Lafourche Parish, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Special Education District #1 of Lafourche Parish, Louisiana, is the responsibility of Special Education District #1 of Lafourche Parish, Louisiana's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of Special Education District #1 of Lafourche Parish, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended for the information of the management, the Board of Commissioners of the Special Education District #1 of Lafourche Parish, Louisiana, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
August 6, 1996

Stagni & Company

FINANCIAL SECTION



STAGNI & COMPANY, LLC, CPAs

ACCOUNTANTS & CONSULTANTS

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 1 **Summary of Significant Accounting Policies (Continued)**

K. Total columns on combined statements - overview

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 **Ad Valorem Taxes**

For the year ended June 30, 1996, taxes of 7.48 mills were levied on property valued as of January 1, 1995 located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated as follows:

Maintenance, operations, improvements	4.98 mills
Debt services	2.50 mills

Total taxes levied including adjustments were \$656,343 of which 98% were collected through June 30, 1996. Total ad valorem taxes and interest collected for the year were broken down as follows:

	OPERATING	DEBT SERVICE
Taxes collected-current roll	\$429,828	\$215,785
-prior years	14,712	4,891
TOTAL COLLECTED	\$444,540	\$220,676

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

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***SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA***

***Financial Report,
Internal Control and Compliance Reports***

June 30, 1996



**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 3 **Cash Deposits**

The Special Education District #1 may deposit funds in demand deposits, time deposits, or certificates of deposit of state banks organized under Louisiana law and national banks having principle offices in Louisiana.

At June 30, 1996, the carrying amount of The Center's deposits were \$1,336,178 and the bank reflected \$1,368,608 in deposits. Of the bank deposits \$203,561 was covered by federal depository insurance. The remainder of deposits are collateralized in accordance with state law. The law requires that deposits be secured by pledging government securities as collateral. The market value of pledged securities must equal 100% of The Center's deposits. The market value of pledged securities at June 30, 1996 was \$1,336,058.

Note 4 **Receivables From Other Governments**

Consist of the following:

DUE FROM	OPERATING
Department of Mental Retardation	\$16,811
Res Care Contract	4,605
Office of Louisiana Rehabilitation	1,851
Medicaid Waiver Income	1,693
Various Other	5,848
TOTAL	\$30,808

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 5 **Changes In General Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance July 1, 1995	Additions	Retirements	Balance June 30, 1996
Land	\$72,612	\$0	\$0	\$72,612
Buildings and improvements	2,556,183	0	0	2,556,183
Furniture and equipment	292,644	10,337	0	302,981
Custodial assets	805	0	0	805
Buses and vans	45,582	20,200	0	65,782
TOTAL GENERAL FIXED ASSETS	\$2,967,826	\$30,537	\$0	\$2,998,363

Note 6 **Long-Term Debt**

Changes in long-term obligations of The Center, for the year ended June 30, 1996, are summarized below:

	BALANCE JUNE 30, 1995	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 1996
Public Improvement Bonds	\$960,000	\$0	\$115,000	\$845,000
Compensated absences	65,237	0	0	65,237
TOTALS	\$1,025,237	\$0	\$115,000	\$910,237

Bonds payable at June 30, 1996 are comprised of the following:

General obligation bonds:

\$2,085,000 Public Improvement Bonds dated June 1, 1977; due in annual installments through June 1, 2002; interest at 5-5.7% (this issue secured by levy and collection of ad valorem taxes).

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 6 **Long-Term Debt (Continued)**

The annual requirements to amortized all debt outstanding as of June 30, 1996 are as follows:

Year ending June 30	Principal	Interest	Total
1997	\$120,000	\$48,165	\$168,165
1998	125,000	41,325	166,325
1999	135,000	34,200	169,200
2000	145,000	26,505	171,505
2001	155,000	18,240	173,240
2002	165,000	9,405	174,405
TOTAL	\$845,000	\$177,840	\$1,022,840

Note 7 **Pension Plan**

Substantially all employees of the Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

The Center participates in TRS Regular and TRS Plan A which require mandatory enrollment for all employees that meet the following eligibility requirements:

TRS Regular - employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

TRS Plan A - employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 7 **Pension Plan (Continued)**

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. A member who retires at or after a certain minimum age and years of service is entitled to a monthly retirement benefit payable for life or the joint lives of the member and beneficiary. The formula for annual maximum retirement benefits is 2 or 2 1/2 percent (Regular Plan) or 1 or 3 percent (Plan A) of final average salary for each year of credited service. Final average salary is based upon the members' average salary for the thirty-six highest successive months of salary.

The Louisiana School Employees' Retirement System provides retirement benefits for non-teacher school employees excluding those classified as lunch workers within the public educational system of Louisiana. All employees under age 60 employed by The Center who work more than twenty hours as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide must participate in the plan. Employees are eligible for normal retirement who have at least 30 years of creditable service regardless of age, 25 years of creditable service and are at least 55, or 10 years of creditable service and are at least 60. The maximum retirement benefit is an amount equal to 2-1/2% of the average compensation for the three highest consecutive years of membership service, multiplied by the number of years of service, plus, for employees entering the system before July 1, 1986, a supplementary allowance of \$24 per annum or \$2 per month for each year of service. Disability benefits are payable if the employee has five years of creditable service and is ineligible for a normal retirement service.

The Center's current year covered payroll for TRS was \$365,041 and for LSERS was \$39,320. The total current year payroll was approximately \$427,000.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 7 **Pension Plan (Continued)**

Member contributions are determined by the plan in which the member is enrolled. The following percentages and amounts apply:

Plan	% of Earned Compensation	
	Employee	Employer
TRS-Reg	8.00%	16.5%
Plan A	9.10%	16.5%
SERS	6.35%	6.00%

For the year ended June 30, 1996, The Center forwarded all contributions collected from its employees to the System. Employee contributions to TRS were \$29,314 and to LSERS were \$2,485. The Center made contributions to the pension plan of \$60,245 for TRS and \$2,359 for LSERS.

The Center's actuarially determined contribution requirement for 1996 was \$89,559 for the Teachers' Retirement System which represents .03% of the total contributions required as of June 30, 1995 (the last available report) of all employers, and \$4,844 or .02% required of all employers for the Louisiana School Employees Retirement System.

The amount of the total pension benefit obligation for both plans is based on a standardized measurement established by GASBS No. 5 that, with some exceptions, must be used. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of financial statements to:

- (a) assess the funding status on a going-concern basis,
- (b) assess progress made in accumulating sufficient assets to pay benefits when due, and
- (c) make comparisons.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 7 **Pension Plan (Continued)**

Total unfunded pension benefit obligations of the TRS and LSERS plans as of June 30, 1995 (latest available), were as follows:

	TRS (in millions)	LSERS (in millions)
Total pension benefit obligations	\$10,570.3	834.3
Net assets available for pension benefits, at market	6,081.7	962.8
Unfunded pension benefit obligation	4,488.6	
Assets in excess of the pension benefit obligation	-	128.5

The measurement of the total pension benefit obligation is based on an actuarial valuation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date.

Ten year historical trend information is presented in the plan's annual financial statements. This information is useful in assessing the plan's accumulation of sufficient assets to pay pension benefits as they become available.

Note 8 **Lease Commitment**

The Center has prepaid a 50-year lease of a 5 acre tract of land from the Lafourche Parish School Board located in front of the 5 acre tract of land purchased by The Center in 1978. The annual lease rental of such property is \$1 per year. At the expiration of the lease, December 31, 2028, possession of all immovable property reverts to the lessor. Approximately 80% of The Center's facilities have been constructed on the acre tract subject to the above lease.

The Center is also involved in an annual operating lease with the Lafourche Parish Council. This lease allows the Lafourche Parish Council to house two classes of their headstart program in two of the Center's classrooms at a fee of \$700 a month for both classrooms. The total paid by this lease for the year was \$8,400.

**SPECIAL EDUCATION DISTRICT #1
OF LAFOURCHE PARISH, LOUISIANA**

Notes to Financial Statements (Continued)
June 30, 1996

Note 9 **Compensation of Board Members**

There were no per-diem expenses paid to the Board of Commissioners during the year ended June 30, 1996.

Note 10 **Commitments and Contingencies**

Intergovernmental awards received by The Center are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures which are subsequently disallowed, The Center may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

Note 11 **Reserved Fund Balances**

The portion of unexpended funds dedicated for future capital improvements are recorded as reserve for capital improvements in the General Fund.

The portion of unexpended funds dedicated for debt service are recorded as reserve for debt service in the Debt Service Fund.

***INTERNAL CONTROL
AND
COMPLIANCE SECTION***

