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

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

***June 30, 1998***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 14 1998**



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

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***FINANCIAL SECTION***



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# STAGNI & COMPANY, LLC

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## *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, 1998, 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 and the standards applicable to financial audits contained in *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.

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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 3, 1998 on our consideration of Special Education District #1 of Lafourche Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Stagni & Company*

Thibodaux, Louisiana  
August 3, 1998



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

Combined Balance Sheet  
All Fund Types and Account Groups

June 30, 1998

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS			TOTALS (Memorandum Only)
	General Fund	Debt Service Fund		General Fixed Assets	General Long-Term Debt		
<b><u>ASSETS AND OTHER DEBITS</u></b>							
Cash	\$ 1,780,313	\$ 37,968					\$ 1,818,281
Cash with fiscal agent		7,980					7,980
Receivables:							
Accounts	11,124						11,124
Other governments	39,434	962					40,396
Inventory, at cost	2,669						2,669
Due from Other Funds		195					195
Land				\$ 72,612			72,612
Buildings and improvements				2,566,993			2,566,993
Furniture and equipment				286,789			286,789
Busses and vans				95,325			95,325
Amount available in Debt Service Fund					\$ 39,125		39,125
Amount to be provided for retirement of general long-term debt						626,112	626,112
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 1,833,540</u></b>	<b><u>\$ 47,105</u></b>		<b><u>\$ 3,021,719</u></b>	<b><u>\$ 665,237</u></b>	<b><u>626,112</u></b>	<b><u>\$ 5,567,601</u></b>

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

Combined Balance Sheet  
All Fund Types and Account Groups

June 30, 1998

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>			<u>TOTALS</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>	
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 2,418					\$ 2,418
Due to Other Funds	195					195
Matured bonds payable		\$ 7,980				7,980
Compensated absences payable	21,290			\$ 65,237		86,527
General Obligation bonds payable				600,000		600,000
<b>TOTAL LIABILITIES</b>	<u>23,903</u>	<u>7,980</u>		<u>665,237</u>		<u>697,120</u>
<b>FUND EQUITY</b>						
Investment in general fixed assets			\$ 3,021,320			3,021,320
Custodial assets			399			399
Fund Balances:						
Reserved for debt service		39,125				39,125
Reserved for capital improvements	154,803					154,803
Unreserved - Undesignated	1,654,834					1,654,834
<b>TOTAL FUND EQUITY</b>	<u>1,809,637</u>	<u>39,125</u>	<u>3,021,719</u>			<u>4,870,481</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,833,540</u>	<u>\$ 47,105</u>	<u>\$ 3,021,719</u>	<u>\$ 665,237</u>		<u>\$ 5,567,601</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

As of and For the Year Ended June 30, 1998

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals (Memorandum Only)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 524,400	\$ 160,818	\$ 685,218
State Revenue Sharing	48,693		48,693
Donations	3,939		3,939
Interest Income	62,531	3,986	66,517
Miscellaneous	5,045		5,045
Adult Services	402,263		402,263
School Lunch Program	58,567		58,567
Headstart Lease	12,600		12,600
Bayou Council on Alcoholism	2,400		2,400
Income from the Sale of Fixed Assets	4,306		4,306
Total Revenues	<u>1,124,744</u>	<u>164,804</u>	<u>1,289,548</u>
<b>EXPENDITURES</b>			
Current:			
District and School			
Administration	254,689	4,888	259,577
Adult Instruction	304,251		304,251
School Lunch Services	78,808		78,808
Transportation Services	26,498		26,498
Physical Plant	70,386		70,386
Total Current	<u>734,632</u>	<u>4,888</u>	<u>739,520</u>
Debt Service:			
Principal retirement		125,000	125,000
Interest and Fees		43,139	43,139
Total Debt Service		<u>168,139</u>	<u>168,139</u>
Capital Outlay	37,409		37,409
Total Expenditures	<u>772,041</u>	<u>173,027</u>	<u>945,068</u>
Excess (Deficiency) of Revenue Over Expenditures	352,703	(8,223)	344,480
<b>FUND BALANCE</b>			
Beginning of year	1,456,934	47,348	1,504,282
End of year	<u>\$ 1,809,637</u>	<u>\$ 39,125</u>	<u>\$ 1,848,762</u>

See Notes to Financial Statements.



# SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
General Fund  
As of and For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 521,980	\$ 524,400	\$ 2,420
State Revenue Sharing	48,693	48,693	0
Donations	3,939	3,939	0
Interest Income	62,512	62,531	19
Miscellaneous	5,100	5,045	(55)
Adult Services	401,145	402,263	1,118
School Lunch Program	57,720	58,567	847
Headstart Lease	12,600	12,600	0
Bayou Council on Alcoholism	2,400	2,400	0
Income from the Sale of Fixed Assets	4,306	4,306	0
Total Revenues	<u>1,120,395</u>	<u>1,124,744</u>	<u>4,349</u>
<b>EXPENDITURES</b>			
Current:			
District and School Administration	250,034	254,689	(4,655)
Adult Instruction	305,212	304,251	961
School Lunch Services	80,304	78,808	1,496
Transportation Services	26,930	26,498	432
Physical Plant	80,551	70,386	10,165
Total Current	<u>743,031</u>	<u>734,632</u>	<u>8,399</u>
Capital Outlay	38,742	37,409	1,333
Total Expenditures	<u>781,773</u>	<u>772,041</u>	<u>9,732</u>
Excess (Deficiency) of Revenues Over Expenses	338,622	352,703	14,081
<b>FUND BALANCE</b>			
Beginning of year	<u>1,456,934</u>	<u>1,456,934</u>	<u>0</u>
End of year	<u><u>\$ 1,795,556</u></u>	<u><u>\$ 1,809,637</u></u>	<u><u>\$ 14,081</u></u>

See Notes to Financial Statements.

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

Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
Debt Service Fund  
As of and For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 160,216	\$ 160,818	\$ 602
Interest Income	4,150	3,986	(164)
Total Revenues	<u>164,366</u>	<u>164,804</u>	<u>438</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	125,000	125,000	0
Interest	42,903	42,903	0
Bank Fees	236	236	0
Pension Expense	4,888	4,888	0
Total Expenditures	<u>173,027</u>	<u>173,027</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,661)	(8,223)	438
<b>FUND BALANCE</b>			
Beginning of year	47,348	47,348	0
End of year	<u>\$ 38,687</u>	<u>\$ 39,125</u>	<u>\$ 438</u>

See Notes to the Financial Statements.

# SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements  
June 30, 1998

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**

Notes to Financial Statements (Continued)  
June 30, 1998

*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 (Continued)  
June 30, 1998

*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, 1998

*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.



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

Notes to Financial Statements (Continued)  
June 30, 1998

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

D.      Fixed assets (Continued)

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

Certain fixed assets costing \$399 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 practical 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.



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

Notes to Financial Statements (Continued)  
June 30, 1998

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

G.      Inventories

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

H.      Compensated absences

The Center compensates substantially all full time employees for unused vacation up to twelve days. Unused vacation is paid upon termination or retirement. Sick leave accumulates at the rate of ten days for 185 Day Personnel and twelve days for 240 Day Personnel. Sick leave is not paid upon termination or retirement. Comp time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Comp time is 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

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

Notes to Financial Statements (Continued)  
June 30, 1998

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

I.      Ad Valorem taxes (Continued)

includes those taxes receivable 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.

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, 1998, taxes of 6.39 mills were levied on property valued as of January 1, 1996 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:

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

Notes to Financial Statements (Continued)  
June 30, 1998

*Note 2      Ad Valorem Taxes, (Continued)*

Maintenance, operations, improvements	4.89 mills
Debt service	1.50 mills

Total taxes levied including adjustments were \$696,433 of which 98% were collected through June 30, 1998. Total ad valorem taxes and interest collected for the year were broken down as follows:

	<b>OPERATING</b>	<b>DEBT SERVICE</b>
Taxes collected-current roll	\$523,112	\$160,485
-prior years	1,288	333
<b>TOTAL COLLECTED</b>	<b>\$524,400</b>	<b>\$160,818</b>

*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, 1998, the carrying amount of The Center's deposits was \$1,818,281 and the bank reflected \$1,856,898 in deposits. Of the bank deposits \$306,136 was covered by federal depository insurance. The remainder of deposits is 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, 1998 was \$2,286,154.

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

Notes to Financial Statements (Continued)  
June 30, 1998

*Note 4      Receivables From Other Governments*

Consist of the following:

<b>DUE FROM</b>	<b>OPERATING</b>
Department of Mental Retardation	\$18,124
Res Care Contract	13,891
Lafourche Parish Council – Headstart	3,694
Lafourche Parish Sheriff	3,133
Medicaid Waiver Income	592
<b>TOTAL</b>	<b>\$39,434</b>

*Note 5      Changes In General Fixed Assets*

A summary of changes in general fixed assets follows:

	<b>Balance July 1, 1997</b>	<b>Additions</b>	<b>Retirements/ Adjustments</b>	<b>Balance June 30, 1998</b>
Land	\$72,612	\$0	\$0	\$72,612
Buildings and improvements	2,566,993	0	0	2,566,993
Furniture and equipment	271,481	14,909	0	286,390
Custodial assets	399	0	0	399
Buses and vans	88,683	22,500	15,858	95,325
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$3,000,168</b>	<b>\$37,409</b>	<b>\$15,858</b>	<b>\$3,021,719</b>

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

Notes to Financial Statements (Continued)  
June 30, 1998

**Note 6**      **Long-Term Debt**

Changes in long-term obligations of The Center, for the year ended June 30, 1998, are summarized below:

	<b>BALANCE JUNE 30, 1997</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>BALANCE JUNE 30, 1998</b>
Public Improvement Bonds	\$725,000	\$0	\$125,000	\$600,000
Compensated absences	65,237	0	0	65,237
<b>TOTALS</b>	<b>\$790,237</b>	<b>\$0</b>	<b>\$125,000</b>	<b>\$665,237</b>

Bonds payable at June 30, 1998 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 is secured by levy and collection of ad valorem taxes).

The annual requirements to amortized all debt outstanding as of June 30, 1998 are as follows:

<b>Year ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
<b>TOTAL</b>	<b>\$600,000</b>	<b>\$88,350</b>	<b>\$688,350</b>



# SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements (Continued)  
June 30, 1998

*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). *Pertinent information relative to each plan follows:*

### **TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)**

**Plan Description.** The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

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. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446.

**Funding Policy.** Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 16.4 percent of annual covered payroll for the membership plan. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Center's employee contribution for the TRS, as provided by state law, is funded by deductions from local ad valorem taxes, and by remittances by the Center.

# SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements (Continued)  
June 30, 1998

*Note 7*      **Pension Plan (Continued)**

The Center's contributions to the TRS for the years ending June 30, 1998, 1997, and 1996 were \$50,688, \$52,349, and \$60,245, respectively which were equal to the required contributions for each year.

### **LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)**

**Plan Description.** The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (504) 925-6484.

**Funding Policy.** Plan members are required to contribute 6.35 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current rate is 6.0 percent of annual covered payroll. Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Center's employee contribution for the LSERS, is funded by remittances from the Center.

The Center's contributions to the LSERS for the years ending June 30, 1998, 1997, 1996 were \$2,496, \$2,489, and \$2,359, respectively which were equal to the required contributions for each year.

*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.



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

Notes to Financial Statements (Continued)  
June 30, 1998

*Note 8*            *Lease Commitment (Continued)*

The Center is also involved in an annual operating lease with the Lafourche Parish Council. This lease allows the Lafourche Parish Council to house three classes of their headstart program in three of the Center's classrooms at a fee of \$350 a month for each classroom. The total paid by this lease for the year was \$12,600.

*Note 9*            *Compensation of Board Members*

There were no per-diem expenses paid to the Board of Commissioners during the year ended June 30, 1998.

*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.

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

Notes to Financial Statements (Continued)  
June 30, 1998

**Note 12**      *Interfund Assets/Liabilities*

The balances due to/from General Fund and Debt Service Fund are as follows:

Individual Fund	Due From Balances	Due to Balances
<b>General Fund</b>	\$0	\$ 195
<b>Debt Service Fund</b>	195	0
<b>Totals</b>	\$195	\$195

**Note 13**      *Risk Management*

**LIABILITY INSURANCE**

The Special Education District # 1 is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omission; injuring to employees; and natural disasters. The Special Education District # 1 purchased commercial insurance policies for any and all claims relating to the above types of risks. The Special Education District # 1's is only liable for the payment of the deductible associated with the above types of risks.

**HEALTH INSURANCE**

The Special Education District # 1 provides health and life insurance to the Special Education District # 1's employees. However, the Special Education District # 1 pays approximately 55% of the total cost of medical and life insurance premiums. The remainder is paid by through withhold allowances on the employees paycheck. The Special Education District has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

***INTERNAL CONTROL  
AND  
COMPLIANCE SECTION***



# STAGNI & COMPANY, LLC

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF 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 financial statements of the Special Education District #1, Lafourche Parish Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated August 3, 1998. 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 the Special Education District #1, Lafourche Parish, Louisiana'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 the Special Education District #1, Lafourche Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose

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

This report is intended for the information of, management and the board of commissioners. However, this report is a matter of public record and its distribution is not limited.

*Stagni & Company*

Thibodaux, Louisiana  
August 3, 1998

**SPECIAL EDUCATION DISTRICT #1,  
LAFOURCHE PARISH, LOUISIANA**  
Summary Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1998

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the Special Education District #1, Lafourche Parish, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Special Education District #1 were disclosed during the audit.
4. A management letter was not issued in connection with the audit of the financial statements.

- B.** There were no findings relating to the financial statements that are required to be reported in accordance with GAGAS.

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

Management's Corrective Action Plan  
For the Year Ended June 30, 1998

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
NONE NECESSARY	
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NONE NECESSARY	
SECTION III - MANAGEMENT LETTER	
NONE NECESSARY	



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

Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 1998

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
NONE	
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NONE	
SECTION III - MANAGEMENT LETTER	
NONE	