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***SPECIAL EDUCATION DISTRICT #1 OF  
LAFOURCHE PARISH, LOUISIANA  
Financial Report,  
Internal Control and Compliance Reports***

***June 30, 1997***

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 15 1997**

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LEGISLATIVE AUDITOR  
Baton Rouge, Louisiana



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

*Financial Report,  
Internal Control and Compliance Reports*

*June 30, 1997*



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

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***FINANCIAL SECTION***





# 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, 1997, 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 *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. 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, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 12, 1997 on our consideration of Special Education District #1 of Lafourche Parish, Louisiana's internal control structure and a report dated August 12, 1997 on its compliance with laws and regulations.

*Stagni & Company*

Thibodaux, Louisiana  
August 12, 1997

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

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1997

	GOVERNMENTAL FUND TYPES			ACCOUNT GROUPS			TOTALS
	General Fund	Debt Service Fund		General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
<b>ASSETS AND OTHER DEBITS</b>							
Cash	\$ 1,311,707	\$ 178,634					\$ 1,490,341
Cash with fiscal agent		7,980					7,980
Receivables:							
Other governments	39,469	138					39,607
Inventory, at cost	2,556						2,556
Due from Other Funds	136,000	4,576					140,576
Land				\$ 72,612			72,612
Buildings and improvements				2,566,992			2,566,992
Furniture and equipment				271,881			271,881
Busses and vans				88,683			88,683
Amount available in Debt Service Fund					\$ 47,348		47,348
Amount to be provided for retirement of general long-term debt					742,889		742,889
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$ 1,489,732</u>	<u>\$ 191,328</u>		<u>\$ 3,000,168</u>	<u>\$ 790,237</u>		<u>\$ 5,471,465</u>

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

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1997

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			TOTALS (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt		
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 5,882				\$ 5,882	
Deferred Revenue	1,050				1,050	
Due to Other Funds	4,576	\$ 136,000			140,576	
Matured bonds payable		7,980			7,980	
Compensated absences payable	21,290			\$ 65,237	86,527	
General Obligation bonds payable				725,000	725,000	
<b>TOTAL LIABILITIES</b>	<u>32,798</u>	<u>143,980</u>		<u>790,237</u>	<u>967,015</u>	
<b>FUND EQUITY</b>						
Investment in general fixed assets			\$ 2,999,769		2,999,769	
Custodial assets			399		399	
Fund Balances:						
Reserved for debt service		47,348			47,348	
Reserved for capital improvements	93,120				93,120	
Unreserved - Undesignated	1,363,814				1,363,814	
<b>TOTAL FUND EQUITY</b>	<u>1,456,934</u>	<u>47,348</u>	<u>3,000,168</u>		<u>4,504,450</u>	
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,489,732</u>	<u>\$ 191,328</u>	<u>\$ 3,000,168</u>	<u>\$ 790,237</u>	<u>\$ 5,471,465</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, 1997

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Totals (Memorandum Only)</b>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 461,520	\$ 124,666	\$ 586,186
State Revenue Sharing	48,409		48,409
Donations	2,420		2,420
Interest Income	56,243	4,738	60,981
Miscellaneous	3,906		3,906
Adult Services	365,622		365,622
School Lunch Program	67,785		67,785
Headstart Lease	15,750		15,750
Bayou Council on Alcoholism	2,200		2,200
Income from the Sale of Fixed Assets	3,738		3,738
Total Revenues	1,027,593	129,404	1,156,997
<b>EXPENDITURES</b>			
Current:			
District and School Administration	269,455	3,761	273,216
Adult Instruction	317,463		317,463
School Lunch Services	78,863		78,863
Grant to TARC	4,497		4,497
Transportation Services	27,090		27,090
Physical Plant	73,140		73,140
Total Current	770,508	3,761	774,269
Debt Service:			
Principal retirement		120,000	120,000
Interest and Fees		48,386	48,386
Total Debt Service		168,386	168,386
Capital Outlay	75,400		75,400
Total Expenditures	845,908	172,147	1,018,055
Excess (Deficiency) of Revenue Over Expenditures	181,685	(42,743)	138,942
<b>FUND BALANCE</b>			
Beginning of year	1,275,249	90,091	1,365,340
End of year	\$ 1,456,934	\$ 47,348	\$ 1,504,282

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  
Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 454,361	\$ 461,520	\$ 7,159
State Revenue Sharing	48,409	48,409	0
Donations	2,420	2,420	0
Interest Income	56,350	56,243	(107)
Miscellaneous	4,200	3,906	(294)
Adult Services	363,615	365,622	2,007
School Lunch Program	67,042	67,785	743
Headstart Lease	15,750	15,750	0
Bayou Council on Alcoholism	2,200	2,200	0
Income from the Sale of Fixed Assets	3,738	3,738	0
Total Revenues	<u>1,018,085</u>	<u>1,027,593</u>	<u>9,508</u>
<b>EXPENDITURES</b>			
Current:			
District and School			
Administration	240,030	269,455	(29,425)
Adult Instruction	326,576	317,463	9,113
School Lunch Services	81,595	78,863	2,732
Grant to TARC	0	4,497	(4,497)
Transportation Services	28,982	27,090	1,892
Physical Plant	81,089	73,140	7,949
Total Current	<u>758,272</u>	<u>770,508</u>	<u>(12,236)</u>
Capital Outlay	90,963	75,400	15,563
Total Expenditures	<u>849,235</u>	<u>845,908</u>	<u>3,327</u>
Excess (Deficiency) of Revenues Over Expenses	168,850	181,685	12,835
<b>FUND BALANCE</b>			
Beginning of year	1,275,249	1,275,249	0
End of year	<u>\$ 1,444,099</u>	<u>\$ 1,456,934</u>	<u>\$ 12,835</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  
Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 119,607	\$ 124,666	\$ 5,059
Interest Income	4,775	4,738	(37)
Total Revenues	<u>124,382</u>	<u>129,404</u>	<u>5,022</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal	120,000	120,000	0
Interest	48,165	48,165	0
Bank Fees	221	221	0
Pension Expense	3,761	3,761	0
Total Expenditures	<u>172,147</u>	<u>172,147</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(47,765)	(42,743)	5,022
<b>FUND BALANCE</b>			
Beginning of year	90,091	90,091	0
End of year	<u>\$ 42,326</u>	<u>\$ 47,348</u>	<u>\$ 5,022</u>

See Notes to the Financial Statements.

# SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements  
June 30, 1997

## INTRODUCTION

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, 1997

**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, 1997

**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, 1997

**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, 1997

**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, 1997

**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, 1997

**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, 1997, taxes of 6.19 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, 1997

**Note 2**      *Ad Valorem Taxes, (Continued)*

Maintenance, operations, improvements	4.89 mills
Debt services	1.30 mills

Total taxes levied including adjustments were \$580,492 of which 98% were collected through June 30, 1997. Total ad valorem taxes and interest collected for the year were broken down as follows:

	OPERATING	DEBT SERVICE
Taxes collected-current roll	\$448,595	\$119,257
-prior years	12,925	5,409
<b>TOTAL COLLECTED</b>	<b>\$461,520</b>	<b>\$124,666</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 principal offices in Louisiana.

At June 30, 1997, the carrying amount of The Center's deposits were \$1,498,321 and the bank reflected \$1,540,235 in deposits. Of the bank deposits \$177,429 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, 1997 was \$1,664,448.

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

Notes to Financial Statements (Continued)  
June 30, 1997

**Note 4      Receivables From Other Governments**

Consist of the following:

<b>DUE FROM</b>	<b>OPERATING</b>
Department of Mental Retardation	\$22,271
Res-Care, Inc.	9,912
Office of Louisiana Rehabilitation	2,094
Lafourche Parish Sheriff	518
Medicaid Waiver Income	656
Various Other	4,018
<b>TOTAL</b>	<b>\$39,469</b>

**Note 5      Changes In General Fixed Assets**

A summary of changes in general fixed assets follows:

	<b>Balance July 1, 1996</b>	<b>Additions</b>	<b>Retirements/ Adjustments</b>	<b>Balance June 30, 1997</b>
Land	\$72,612	\$0	\$0	\$72,612
Buildings and improvements	2,556,183	33,200	22,390	2,566,993
Furniture and equipment	302,981	11,437	42,937	271,481
Custodial assets	805	0	406	399
Buses and vans	65,782	30,763	7,862	88,683
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$2,998,363</b>	<b>\$75,400</b>	<b>\$73,595</b>	<b>\$3,000,168</b>

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

Notes to Financial Statements (Continued)  
June 30, 1997

**Note 6**      **Long-Term Debt**

Changes in long-term obligations of The Center, for the year ended June 30, 1997, are summarized below:

	<b>BALANCE JUNE 30, 1996</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>BALANCE JUNE 30, 1997</b>
Public Improvement Bonds	\$845,000	\$0	\$120,000	\$725,000
Compensated absences	65,237	0	0	65,237
<b>TOTALS</b>	<b>\$910,237</b>	<b>\$0</b>	<b>\$120,000</b>	<b>\$790,237</b>

Bonds payable at June 30, 1997 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).

The annual requirements to amortized all debt outstanding as of June 30, 1997 are as follows:

<b>Year ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
<b>TOTAL</b>	<b>\$725,000</b>	<b>\$129,675</b>	<b>\$854,675</b>

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

Notes to Financial Statements (Continued)  
June 30, 1997

**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 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.

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 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.

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

Notes to Financial Statements (Continued)  
June 30, 1997

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

**Funding Policy.** Plan members are required to contribute 8.0 percent and 9.1 percent of their annual covered salary for the Regular Plan and Plan A, respectively. The Center is required to contribute at an actuarially determined rate. The current rate is 16.3 percent of annual covered payroll for the two membership plans. 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.

The Center's contributions to the TRS for the years ending June 30, 1997, 1996, and 1995 were \$52,349, \$60,245, \$56,205, 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

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

Notes to Financial Statements (Continued)  
June 30, 1997

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

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, 1997, 1996, 1995 were \$2,489, \$2,359, 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.

The Center is also involved in an annual operating lease with the Lafourche Parish Council. This lease allows the Lafourche Parish Council to utilize four classes of the parish's headstart program in two 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 \$15,750.

**Note 9**      *Compensation of Board Members*

There were no per-diem payments or expenses paid to the Board of Commissioners during the year ended June 30, 1997.

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

Notes to Financial Statements (Continued)  
June 30, 1997

**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.

**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
General Fund	\$136,000	\$ 4,576
Debt Service Fund	4,576	136,000
<b>Totals</b>	<b>\$140,576</b>	<b>\$140,576</b>



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

Notes to Financial Statements (Continued)  
June 30, 1997

**Note 13**      **Risk Management**

The Center has purchased commercial insurance to manage risk in the following areas; building and contents, boiler and machinery, general liability, commercial automobile, flood, public official workmen's compensation liability and employee health. There have been no significant reductions in insurance coverage in any area. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

***INTERNAL CONTROL  
AND  
COMPLIANCE SECTION***





# STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS – CONSULTANTS

**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, 1997, and have issued our report thereon dated August 12, 1997.

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 general purpose 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 2

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, 1997, 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.

*Stagni & Company*

Thibodaux, Louisiana  
August 12, 1997





# 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, 1997, and have issued our report thereon dated August 12, 1997.

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.

*Stagni & Company*

Thibodaux, Louisiana  
August 12, 1997