

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

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FINANCIAL SECTION



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, 1999, 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, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Special Education District # 1
of Lafourche Parish, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued a report dated August 19, 1999 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.

Our audit was performed 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 supplemental information in the table of contents is presented for additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Stagni & Company

Thibodaux, Louisiana
August 19, 1999



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

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1999

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS			TOTALS (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt		
<u>ASSETS AND OTHER DEBITS</u>						
Cash	\$ 2,315,363	\$ 45,104				\$ 2,360,467
Cash with fiscal agent		47,125				47,125
Receivables:						
Accounts	20,349					20,349
Other governments	20,622					20,622
Inventory, at cost	1,433					1,433
Prepaid insurance	743					743
Land			\$ 72,612			72,612
Buildings and improvements			2,571,255			2,571,255
Furniture and equipment			287,362			287,362
Busses and vans			119,108			119,108
Amount available in Debt Service Fund				\$ 45,104		45,104
Amount to be provided for retirement of general long-term debt				485,133		485,133
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 2,358,510</u>	<u>\$ 92,229</u>	<u>\$ 3,050,337</u>	<u>\$ 530,237</u>		<u>\$ 6,031,313</u>

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

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1999

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUPS		TOTALS (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt	
LIABILITIES					
Deferred revenue	\$ 1,050				\$ 1,050
Matured bonds payable		\$ 47,125			47,125
Compensated absences payable	21,290			\$ 65,237	86,527
General obligation bonds payable				465,000	465,000
TOTAL LIABILITIES	<u>22,340</u>	<u>47,125</u>		<u>530,237</u>	<u>599,702</u>
FUND EQUITY					
Investment in general fixed assets			\$ 3,049,938		3,049,938
Custodial assets			399		399
Fund Balances:					
Reserved for debt service		45,104			45,104
Reserved for capital improvements	162,171				162,171
Unreserved - Undesignated	2,173,999				2,173,999
TOTAL FUND EQUITY	<u>2,336,170</u>	<u>45,104</u>	<u>3,050,337</u>		<u>5,431,611</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,358,510</u>	<u>\$ 92,229</u>	<u>\$ 3,050,337</u>	<u>\$ 530,237</u>	<u>\$ 6,031,313</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, 1999

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals (Memorandum Only)</u>
REVENUES			
Ad Valorem Taxes	\$ 620,722	\$ 177,678	\$ 798,400
State Revenue Sharing	53,092		53,092
Donations	3,438		3,438
Interest Income	84,633	3,075	87,708
Miscellaneous	7,885		7,885
Adult Services	412,638		412,638
School Lunch Program	57,025		57,025
Headstart Lease	12,600		12,600
Bayou Council on Alcoholism	2,000		2,000
Total Revenues	<u>1,254,033</u>	<u>180,753</u>	<u>1,434,786</u>
EXPENDITURES			
Current:			
District and School			
Administration	236,517	5,361	241,878
Adult Instruction	289,494		289,494
School Lunch Services	79,017		79,017
Transportation Services	26,510		26,510
Physical Plant	65,544		65,544
Total Current	<u>697,082</u>	<u>5,361</u>	<u>702,443</u>
Debt Service:			
Principal retirement		135,000	135,000
Interest and Fees		34,413	34,413
Total Debt Service		<u>169,413</u>	<u>169,413</u>
Capital Outlay	30,418		30,418
Total Expenditures	<u>727,500</u>	<u>174,774</u>	<u>902,274</u>
Excess (Deficiency) of Revenue Over Expenditures	526,533	5,979	532,512
FUND BALANCE			
Beginning of year	1,809,637	39,125	1,848,762
End of year	<u>\$ 2,336,170</u>	<u>\$ 45,104</u>	<u>\$ 2,381,274</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, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Ad Valorem Taxes	\$ 623,855	\$ 620,722	\$ (3,133)
State Revenue Sharing	53,092	53,092	0
Donations	3,438	3,438	0
Interest Income	84,600	84,633	33
Miscellaneous	6,450	7,885	1,435
Adult Services	405,840	412,638	6,798
School Lunch Program	56,237	57,025	788
Headstart Lease	12,600	12,600	0
Bayou Council on Alcoholism	2,000	2,000	0
Total Revenues	<u>1,248,112</u>	<u>1,254,033</u>	<u>5,921</u>
EXPENDITURES			
Current:			
District and School Administration	235,372	236,517	(1,145)
Adult Instruction	292,486	289,494	2,992
School Lunch Services	82,543	79,017	3,526
Transportation Services	27,503	26,510	993
Physical Plant	67,535	65,544	1,991
Total Current	<u>705,439</u>	<u>697,082</u>	<u>8,357</u>
Capital Outlay	35,783	30,418	5,365
Total Expenditures	<u>741,222</u>	<u>727,500</u>	<u>13,722</u>
Excess (Deficiency) of Revenues Over Expenses	506,890	526,533	19,643
FUND BALANCE			
Beginning of year	1,809,637	1,809,637	0
End of year	<u>\$ 2,316,527</u>	<u>\$ 2,336,170</u>	<u>\$ 19,643</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, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Ad Valorem Taxes	\$ 178,640	\$ 177,678	\$ (962)
Interest Income	3,100	3,075	(25)
Total Revenues	<u>181,740</u>	<u>180,753</u>	<u>(987)</u>
EXPENDITURES			
Debt Service			
Principal	135,000	135,000	0
Interest	34,200	34,200	0
Bank Fees	213	213	0
Pension Expense	5,361	5,361	0
Total Expenditures	<u>174,774</u>	<u>174,774</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	6,966	5,979	(987)
FUND BALANCE			
Beginning of year	47,348	39,125	(8,223)
End of year	<u>\$ 54,314</u>	<u>\$ 45,104</u>	<u>\$ (9,210)</u>

See Notes to the Financial Statements.

SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements
June 30, 1999

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. A Board of Commissioners governs the Center; 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, 1999

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, 1999

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, 1999

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, 1999

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 that 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 that 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, 1999

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, 1999

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, 1999, taxes of 6.29 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, 1999

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

Maintenance, operations, improvements	4.89 mills
Debt service	1.40 mills

Total taxes levied including adjustments were \$805,520 of which 99% were collected through June 30, 1999. Total ad valorem taxes and interest collected for the year were broken down as follows:

	OPERATING	DEBT SERVICE
Taxes collected-current roll	\$614,232	\$175,853
-prior years	6,490	1,825
TOTAL COLLECTED	\$620,722	\$177,678

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, 1999, the carrying amount of The Center's deposits was \$2,407,592 and the bank reflected \$2,399,005 in deposits. Of the bank deposits \$205,751 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, 1999 was \$2,814,494.

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

Notes to Financial Statements (Continued)
June 30, 1999

Note 4 Receivables From Other Governments

Consist of the following:

DUE FROM	OPERATING
Department of Mental Retardation	\$20,057
Medicaid Waiver Income	565
TOTAL	\$20,622

Note 5 Changes In General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1998	Additions	Retirements/ Adjustments	Balance June 30, 1999
Land	\$72,612	\$0	\$0	\$72,612
Buildings and Improvements	2,566,993	4,262	0	2,571,255
Furniture and equipment	286,390	573	0	286,963
Custodial assets	399	0	0	399
Buses and vans	95,325	23,783	0	119,108
TOTAL GENERAL FIXED ASSETS	\$3,021,719	\$28,618	\$0	\$3,050,337

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

Notes to Financial Statements (Continued)
June 30, 1999

Note 6 Long-Term Debt

Changes in long-term obligations of The Center, for the year ended June 30, 1999, are summarized below:

	BALANCE JUNE 30, 1998	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 1999
Public Improvement Bonds	\$600,000	\$0	\$135,000	\$465,000
Compensated absences	65,237	0	0	65,237
TOTALS	\$665,237	\$0	\$135,000	\$530,237

Bonds payable at June 30, 1999 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, 1999 are as follows:

Year ending June 30	Principal	Interest	Total
2000	\$145,000	\$26,505	\$171,505
2001	155,000	18,240	173,240
2002	165,000	9,405	174,405
TOTAL	\$465,000	\$54,150	\$519,150

SPECIAL EDUCATION DISTRICT #1 OF LAFOURCHE PARISH, LOUISIANA

Notes to Financial Statements (Continued)
June 30, 1999

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 16.5 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, 1999

Note 7 **Pension Plan (Continued)**

The Center's contributions to the TRS for the years ending June 30, 1999, 1998, and 1997 were \$48,516, \$50,688, and \$52,349, 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, 1999, 1998, 1997 were \$2,631, \$2,496, and \$2,489, 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, 1999

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, 1999.

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 that 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 is 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, 1999

Note 12 *Risk Management*

LIABILITY INSURANCE

The Center 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 Center purchased commercial insurance policies for any and all claims relating to the above types of risks. The Center is only liable for the payment of the deductible associated with the above types of risks.

HEALTH INSURANCE

The Center provides health and life insurance to The Center's employees. However, The Center 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 Center 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.

SUPPLEMENTAL INFORMATION SECTION

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

YEAR 2000 DISCLOSURE

June 30, 1999

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

The Special Education District #1 has evaluated their computer systems and related software for year 2000 compliance. Based on the evaluation the Special Education District #1 all of their computer systems appear to be year 2000 compliant. Testing and validation of new or upgraded software has been completed and the software also appears to be year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that Special Education District #1 is or will be Year 2000 ready, that the Special Education District #1's remediation efforts will be successful in whole or in part, or that the parties with whom Special Education District #1 does business will be year 2000 ready.

***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, 1999, and have issued our report thereon dated August 19, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 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.

Special Education District #1
Lafourche Parish Louisiana
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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 19, 1999



**SPECIAL EDUCATION DISTRICT #1,
LAFOURCHE PARISH, LOUISIANA**
Summary Schedule of Findings and Questioned Costs
For the Year Ended June 30, 1999

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**

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 1999

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	

SPECIAL EDUCATION DISTRICT # 1
LAFOURCHE PARISH, LOUISIANA

Management's Corrective Action Plan
For the Year Ended June 30, 1999

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	