SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE

Annual Financial Report

June 30, 2022

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SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Our discussion and analysis of the Special Education District #1's (The Center) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about The Center as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is like the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net position and changes in it. You can think of net position—the difference between assets and deferred outflows and liabilities and deferred inflows—as one way to measure financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not The Center as a whole. Some funds are required to be established by State laws or bond covenants.

The Center uses the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

FINANCIAL HIGHLIGHTS

The basic financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities decreased by over $550,000 or 10% as a result of this year's operations.

- Total expenses for program activities were $2.1 million for the year, which was $1.1 million more than generated from charges for services and the grants and contributions received for these activities. General revenues were $526,884.

- The governmental funds reported a total ending fund equity of $4.5 million. Fund balance for governmental activities decreased by $1.3 million or 22% from the prior year ending fund balance.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities report all activity as governmental activities. All the basic instructional and support services are reported as this type. General ad valorem taxes, operating grants and contributions, and fees charged to community homes finance most of these activities. Our analysis below focuses on the net position of the governmental-type activities:

	2022	2021	Dollar Change
Current and Other Assets	$ 4,489,627	$ 5,767,594	$(1,277,967)
Capital Assets	1,545,838	1,364,113	181,725
Total Assets	6,035,465	7,131,707	(1,096,242)
Deferred outflows of resources	400,374	517,865	(117,491)
Current Liabilities	37,782	51,122	(13,340)
Long Term Liabilities	995,280	2,218,911	(1,223,631)
Total Liabilities	1,033,062	2,270,033	(1,236,971)
Deferred inflows of resources	636,548	56,749	579,799
Net Investment in Capital Assets	1,545,838	1,364,113	181,725
Restricted	-	4,081	(4,081)
Unrestricted	3,220,391	3,954,596	(734,205)
Total Net Position	$ 4,766,229	$ 5,322,790	$ (556,561)

Net position decreased by $556,561 or 12% as a result of this year's operations. The overall financial position decreased during the year. Significant increases and decreases are as follows:

- Current assets decreased by 22% (mostly cash and investments) for cash used to fund operations.
- Capital assets and the net invested in capital assets increased because there was more assets purchased and building improvements than depreciation recorded than in the current year.
- Deferred outflows and inflows of resources changed in relation to calculations reflected in the large decrease in the pension liability.

	2022	2021	Dollar Change
Program Revenues:			
Charges for Services	$ 973,655	$ 834,291	139,364
Operating Grants and Contributions	-	5,770	(5,770)
Capital Grants and Contributions	200	72,144	(71,944)
Total program revenues	973,855	912,205	61,650
Program Expenses-current	2,057,300	2,459,971	(402,671)
Net program income	(1,083,445)	(1,547,766)	(464,321)
General revenues	526,884	731,662	(204,778)
Change in Net Position	(556,561)	(816,104)	259,543
Net Position:			
Beginning of the year	5,322,790	6,138,894	(816,104)
End of the year	$ 4,766,229	$ 5,322,790	$ (556,561)

Total revenues received for the year were $1,500,739 ($973,855 in program revenues – including charges for services and donations for programs and $526,884 in general revenues – including ad valorem taxes, state revenue sharing, interest and miscellaneous revenue). This reflected a decrease of $143,128 or 8% from the prior year. The total cost of all instructional and support services decreased by $464,321 or 30% from the prior year.

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

As noted earlier, The Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported an ending fund balance of $4,474,541, all considered unassigned and available to meet future needs of the Center. This reflected a decrease of $1,274,761 or 22%. This decrease is primarily the result of the events and programs described within the analysis of its government-wide activities.

As a measure of the General Fund's liquidity, it may be useful to compare both fund balance to total fund expenditures. General Fund expenditures totaled $2,775,500– a slight increase from the prior year, including $406,361 in capital outlay in the current fiscal year. Unassigned fund balance equaled 161% of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not revised during the year.

The total revenue variance was unfavorable by over 30% due to the overestimating the Ad Valorem taxes to be received and Adult Services Income. The expenditure variance was favorable and in compliance with the State Budget Law.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities is as follows:

	2022	2021
Land	$ 93,612	$ 93,612
Project in progress	442,423	46,031
Buildings and Improvements	4,215,489	4,341,484
Furniture and Equipment	400,860	457,166
Buses and Vans	612,923	612,923
Total Cost	5,765,307	5,551,216
Accumulated Depreciation	4,219,469	4,187,103
Net Capital Assets	$ 1,545,838	$ 1,364,113
Depreciation Expense	$ 224,635	$ 258,865

This year there was $406,360 of additions, including $396,392 added to projects still in progress for the construction project roof repairs, and $192,269 of fully depreciated assets disposed, reflecting the net increase in capital assets before depreciation.
More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

LONG-TERM DEBT

The Center has long-term debt recorded for compensated absences in the amount of $24,024 and Net Pension Liability of $993,952. More detailed information about the long-term debt is presented in Note 7 and Note 8 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certain significant aspects of the budget are detailed below:

Beginning Fund Balance	$	4,489,650
Projected Revenue		3,026,569
Projected Expenditures		(2,958,013)
Transfers		47,500
Ending Fund Balance	$	4,605,706

The Board approved the recommendation of the Finance Committee and adopted the budget on May 19, 2022. The 2022-2023 Budget included a 4.98 mill ad valorem tax levy and 3% wage adjustment.

CONTACTING FINANCIAL MANAGEMENT

This annual report is designed to provide our citizens, taxpayers, and customers with a general overview of The Center finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Torie T. Lee, Executive Director,
P.O. Box 405,
Cut Off, Louisiana 70345
985-632-5671

FINANCIAL SECTION

STAGNI & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and each major fund of the Special Education District #1, (the Center) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund, as of and for the year ended June 30, 2022, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Management is responsible for the other information included in the annual report. The other supplemental information as listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other supplemental information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other supplemental information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Stagni & Company

November 1, 2022
Thibodaux, Louisiana

SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
Statement of Net Position
June 30, 2022

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash	$	4,341,819
Investments		23,074
Receivables:		
Due from other agencies		86,058
Accounts		1,716
Inventory		36,960
Capital Assets, Net of Accumulated Depreciation		1,545,838
TOTAL ASSETS		6,035,465
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - contributions		307,480
Deferred outflows of resources - other		92,894
TOTAL DEFERRED OUTFLOWS OF RESOURCES		400,374
LIABILITIES		
Accounts, salaries, and other payables		15,086
Compensated absences payable - current		22,696
TOTAL CURRENT LIABILITIES		37,782
Compensated absences payable - long term		1,328
Net pension liability		993,952
TOTAL LIABILITIES		1,033,062
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources		636,548
NET POSITION		
Net Invested in capital assets		1,545,838
Unrestricted		3,220,391
TOTAL NET POSITION	$	4,766,229

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE

Statement of Activities

For the Year Ended June 30, 2022

		Program Revenues:			
Governmental Activities:	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expenses)/ Revenue
Adult Instruction	$ 763,560	$ 553,259	$ -	$ 200	($210,101)
Administrative	52,277	-	-	-	(52,277)
Maintenance	448,604	-	-	-	(448,604)
Cafeteria	178,096	12,394	-	-	(165,702)
Transportation	247,962	35,062	-	-	(212,900)
Residential	328,399	372,940	-	-	44,541
Community Services	38,402	-	-	-	(38,402)
Total Governmental Activities	$ 2,057,300	$ 973,655	$ -	$ 200	(1,083,445)
General Revenues:					
Ad Valorem Taxes					339,155
State Revenue Sharing					50,873
Interest and Dividends					70,887
Miscellaneous					65,969
Total General Revenues					526,884
Change in Net Position					**(556,561)**
Net Position:					
Beginning of year					5,322,790
End of year					$ 4,766,229

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund
ASSETS	
Cash	$ 4,341,819
Investments	23,074
Receivables:	
Due from other agencies	86,058
Accounts	1,716
Inventory	36,960
TOTAL ASSETS	$ 4,489,627
LIABILITIES	
Accounts payable and accrued liabilitites	$ 15,086
TOTAL LIABILITIES	15,086
FUND EQUITY	
Unassigned	4,474,541
TOTAL FUND EQUITY	4,474,541
TOTAL LIABILITIES AND FUND EQUITY	$ 4,489,627

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances - governmental funds		$ 4,474,541
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost of Assets	$ 5,765,307	
Accumulated Depreciation	(4,219,469)	
		1,545,838
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences - current	(22,696)	
Compensated absences - long-term	(1,328)	
Net pension liability	(993,952)	
		(1,017,976)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources - contributions	307,480	
Deferred outflows of resources - other	92,894	
Deferred inflows of resources related to pensions	(636,548)	
		(236,174)
Net position of governmental activities		$ 4,766,229

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund
REVENUES	
Ad Valorem Taxes	$ 339,155
Intergovernmental:	
State Revenue Sharing	50,873
Adult Services Income	553,259
Residential Services	372,940
Cafeteria Services	12,394
Transportation Services	35,062
Community Services	-
Donations-Restricted	200
Interest and Dividends	70,887
Insurance Proceeds	62,664
Miscellaneous	3,305
	1,500,739
EXPENDITURES	
Current:	
Administrative	570,929
Maintenance	328,355
Adult Instruction	755,048
Cafeteria	171,407
Transportation	176,599
Residential	328,399
Community Services	38,402
Total Current	2,369,139
Capital Outlay	406,361
Total Expenditures	2,775,500
NET CHANGE IN FUND BALANCE	(1,274,761)
FUND BALANCE	
Beginning of year	5,749,302
End of year	$ 4,474,541

See notes to financial statements.

SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - governmental funds		$ (1,274,761)
Amounts reported for *governmental activities* in the Statement of Activities (government-wide financial statements) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives and reported as depreciation expense.		
Capital outlay	$ 406,361	
Depreciation expense:		
Adult Instruction	(8,512)	
General & Administrative	(17,822)	
Plant Maintenance & Operations	(120,249)	
Cafeteria Services	(6,689)	
Transportation Services	(71,363)	
	(224,635)	
		181,726
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds:		
(Increase) Decrease in pension liability	1,224,108	
Increase (Decrease) in deferred outflows	(117,492)	
(Increase) Decrease in deferred inflows	(579,799)	
		526,817
For governmental funds, the incurrance of long-term debt provides current financial resources and the repayment of long-term obligations consumes current financial resources. Neither transaction has any effect on net assets.		
(Increase) Decrease in compensated absences - current & long-term		9,657
Change in net position of governmental activities		$ (556,561)

See notes to financial statements.

Special Education District #1 of the Parish of Lafourche (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

For financial reporting purposes, the accompanying financial statements include all of the operations over which the Center is financially accountable. The Center is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the Center.

Applying this definition, it has been determined that The Center is independent of and is not financially accountable for other governmental units or civic entities, these financial statements represent the operations of the Center, as well as all of the funds of the Center as a governmental unit.

B. Measurement Focus and Financial Statement Presentation

Government-wide Financial Statements
The government-wide financial statements GWFS (i.e., the statement of net position and the statement of activities) display information about the Center as a whole. These statements are prepared using the economic resources measurement focus.

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

The following is a description of the programs offered by The Center to its clients:

Adult Instruction - Adult Instruction is the day program for citizens of the community who are developmentally disabled. This program offers janitorial and recycling services performed by its clients to area business, assembles and sells plastic eating utensil packets and recycles, packages and sells Mardi Gras beads. Adult Instruction also operates a retail gift shop and operates vending machines in local businesses.

Residential Services - Residential Services provides the following services:

> Respite Services - Respite Services provides direct care workers to the developmentally disabled client in their home allowing their parents/guardians to leave them for short periods of time.
>
> Personal Care Assistance - The Personal Care Assistance program provides direct care workers to the developmentally disabled client on a "one on one" basis therefore allowing the client some personal time in the community. This program is administered completely out of the clients' homes.

Community Services – Searches for jobs and provides follow along support to those clients who qualify as outlined by Louisiana Rehabilitation Services.

Transportation Services - Transportation services is a billable service for some clients who are under the Medicaid NOW Waiver. Everyone who needs transportation is provided transportation to and from the facility whether it is billable to Medicaid or not.

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (continued)

Fund Financial Statements
Fund financial statements FFS report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring inter-period equity whether current year revenues were sufficient to pay for current year services.

Governmental Funds
Governmental funds are those through which most functions are financed. The acquisition use and balances of the expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. GWFS are prepared using the accrual basis of accounting. FFS use the modified accrual basis of accounting.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments.

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

For this purpose, the government considers revenues (except for the expenditure-driven grants) to be available if they are collected within 60 days of the end of the current fiscal period. The expenditure driven grants are considered available if received within one year from the balance sheet date. Current year property tax revenue is recognized when taxes are received, except a year end when revenue is recognized for taxes received within sixty (60) days after fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of un-matured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaid expenditures which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before receiving any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

Accrual
Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, and then unrestricted resources as they are needed.

Note 1 Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments

Deposits are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and The Center's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. 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 are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those tax receivables that are expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. In the current year the Board did not levy any ad valorem taxes.

F. Inventories

Inventories are valued at cost, which approximates market. Inventories include items purchased and sold in the gift shop and vending machines. Inventories are recorded as expenditures as consumed rather than when purchased.

G. Capital assets

Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of $500 or more for capitalizing capital assets.

Note 1 Summary of Significant Accounting Policies (Continued)

G. Capital assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	7 - 40 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 - 8 years

H. Compensated Absences

Compensated absences are payments to employees for accumulated vacation leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. 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 twelve days for 240-Day Personnel. Sick leave is not paid upon termination or retirement. Compensation time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Compensation time is paid upon termination or retirement. Compensated absences for vacation time is reported in the GWFS categorized in current (due within one year) and long-term.

I. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses).

Note 1 Summary of Significant Accounting Policies (Continued)

J. Restricted Net Assets

For the government-wide statement of net position, net position is reported in three components:

- Net investment in capital assets – consists of capital assets net of accumulated depreciation.
- Restricted – consists of net position with constraints placed the use by law through constitutional provisions, enabling legislation, or externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

K. Fund Equity

In the fund financial statements, governmental funds report the following fund balance classifications:

- Non-spendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts to be used for specific purposes as determined by enabling legislation or imposed by grantors or debt covenants.
- Committed – amounts to be used for specific purposes as determined by resolution.
- Assigned – amounts intended to be used for certain purposes as determined by resolution.
- Unassigned - residual balances in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 1 Summary of Significant Accounting Policies (Continued)

L. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System, School Employees' Retirement System and State Employees' Retirement System ("the Plans"), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Center has recognized deferred outflows of resources for pension contributions.

In addition to liabilities, the statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Center has recognized deferred inflows of resources for pension liability based on actuarial valuation that was performed.

Note 2 Stewardship, Compliance, and Accountability

The Center uses the following budget practices:

- 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.

Note 3 Ad Valorem Taxes

For the year ended June 30, 2021, taxes of 1.05 mil were levied on property valued as of January 1, 2020 located in Ward 10 of the Parish of Lafourche. For the year ended June 30, 2022, taxes of 1 mil were levied on property 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.

Note 4 Deposits and Investments

Deposits

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2022, the carrying amount of deposits was $4,341,819 and the bank balance was $4,498,254. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. Of the total bank balance, $3,998,254 is considered exposed to custodial credit risk.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC and pledged securities valued at $4,853,846 secure these deposits from risk.

Note 4 Deposits and Investments (Continued)

The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the Center's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments

The Center's investments consist of $23,074 invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

This investment pool has not been assigned a risk category since The Center has not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types. As of June 30, 2022, the investment in LAMP was rated AAAm by Standard & Poor's.

Note 5 Revenue/Receivables from Other Agencies

The Center receives federal, state, and individual funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana Department of Health and Hospitals Office of Family Security, Medical Assistance Program – Medicaid/Title XIX are on a per diem basis. These payments, reported in the Adult Instruction and Residential Services, are considered a payment for service as opposed to a grant award.

Note 5 Revenue/Receivables from Other Agencies (continued)

Receivables totaling $86,058 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	Amount
Medicaid	$ 68,313
OCDD	$ 17,745

The financial statements contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The amount due from Medicaid is considered to be material in relation to the financial position.

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS/ ADJUSTMENTS	ENDING BALANCE
Capital Assets, not being depreciated				
Land	$93,612	$ -	$ -	$93,612
Construction in Progress	46,031	396,392	-	442,423
Total Capital Assets, not being depreciated	139,643	396,392	-	536,035
Capital Assets, being depreciated				
Buildings and Improvements	4,341,484	-	(125,995)	4,215,489
Furniture and Equipment	457,166	9,968	(66,274)	400,860
Buses and Vans	612,923	-	-	612,923
Total capital assets, being depreciated	5,411,573	9,968	(192,269)	5,229,272
Less Accumulated Depreciation:				
Buildings and Improvements	3,392,100	120,249	(125,995)	3,386,354
Furniture and Equipment	347,737	33,023	(66,274)	314,486
Buses and Vans	447,266	71,363	-	518,630
Total Accumulated Depreciation	4,187,103	224,635	(192,269)	4,219,469
Capital Assets, being depreciated, net	$1,224,470			1,009,803
Total Net Capital Assets, net	$1,364,113			$1,545,838

Note 6 Capital Assets (continued)

Depreciation expense of $224,635 was charged to the following governmental functions:

Adult instruction	$ 8,512
Transportation services	71,363
Physical plant and insurance	120,249
General and administrative	17,822
Cafeteria services	6,689
Total	$224,635

Total capital asset additions were $406,361, including $396,393 in construction in progress and there were dispositions of $192,269 for the year.

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2021	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2022	CURRENT	LONG-TERM
Compensated absences	$ 33,681	$ 42,708	$ 52,695	$ 24,024	$ 22,696	$ 1,328
Net Pension Liability (see Note 8)	$2,218,060		(1,224,108)	$993,952		$993,952

Note 8 Pension Plans

The District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions.* That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

Plan Description and Provisions

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).

Note 8 Pension Plans (Continued)

General Information about the Plans:

TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRSL)

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 plan is a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

Benefits Provided. The following is a description of the plan and its benefits and is provided for general informational purposes only. TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits (Regular Plan): Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% accrual rate after attaining age sixty-two with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between January 1, 2011 and June 30, 2015 may retire with a 2.5% benefit factor after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

All other members, if initially hired between July 1, 1999 and December 21, 2010, are eligible for a 2.5% benefit factor at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% benefit factor at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% benefit factor at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Note 8 Pension Plans (Continued)

Benefit Formula - For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable benefit factor, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Payment Options - A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced monthly benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

- **Deferred Retirement Option Program (DROP)**

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Note 8 Pension Plans (Continued)

- **Disability Benefits**

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

- **Survivor Benefits**

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) $300 (up to 2 eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

- **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Note 8 Pension Plans (Continued)

- **<u>Contributions</u>**

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2021 are as follows:

	Employee	Employer
K-12 Regular Plan	8.0%	25.8%
Plan A	9.1%	25.8%
Optional Retirement Plan	8.0%	21.8%

The Center's contractually required composite contribution rate for the year ended June 30, 2021 was 25.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan totaled $197,396 for the year ended June 30, 2021.

<u>Louisiana School Employees' Retirement System (LSERS)</u>

Plan Description. Eligible employees of the Center are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana School Employees' Retirement System (LSERS). Louisiana Revised Statutes (La. R.S. 11:1001) grants to LSERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LSERS issues a publicly available financial report that can be obtained at www.lsers.net.

Benefits Provided. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Note 8 Pension Plans (Continued)

Retirement
A member who joined the System on or before June 30, 2010 is eligible for normal retirement if the member has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, 10 years of service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to a 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of $2 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to a 10% salary limitation. For members who join the System on or after July 1, 2010, 2 ½ % of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary subject to a 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

- **Deferred Retirement Option Plan (DROP)**

Members of the System may elect to participate in DROP and defer the receipt of benefits. The election may be made only once and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in DROP, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in DROP. The monthly retirement benefits that would have been payable had the member elected to cease employment, are paid into the DROP fund account. The System maintains subaccounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may elect a lump sum payment or systematic distributions.

Note 8 Pension Plans (Continued)

- **Initial Benefit Retirement Plan (IBRP)**

Effective January 1, 1996, the state legislature authorized the System to establish an IBRP program. Members electing to participate in IBRP are ineligible for DROP. The IBRP program provides a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3).

- **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

- **Contributions**

Contributions for all participating schools are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. For the year ended June 30, 2021, the employer contribution rate contribution rate was 28.70%, and the employee contribution rate was 7.5%, based on initial participation date. Contributions to the pension plan were $34,665 for the year ended June 30, 2021.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2021 the Center reported the proportionate shares of the net pension liability of the Plans, as follows:

Plan	Proportionate share of net pension liability
TRSL	$ 807,276
LSERS	186,676
Total	$ 993,952

Note 8 Pension Plans (Continued)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. The proportions of each plan were as follows:

Plan	**Proportionate share**	
	6/30/20	6/30/19
TRSL	.017100%	.011771%
LSERS	.039349%	.041733%

For the year ended June 30, 2020, the pension expense was recognized as follows:

Plan	**Pension expense**
TRSL	$ 196,818
LSERS	49,419
Total	$ 246,237

The Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TEACHERS RETIREMENT SYSTEM:	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	$ 4,038	$ (2,712)
Investment Earnings	-	(71,022)
Changes in Assumptions	6,151	-
Change in Proportions	-	(5,674)
Contributions after the measurement period	102,811	-
	$ 113,000	$ (79,408)

Note 8 Pension Plans (Continued)

SCHOOL EMPLOYEES RETIREMENT SYSTEM	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	$ 4,123	$ (12,206)
Investment Earnings	-	(544,934)
Changes in Assumptions	78,582	-
Change in Proportions		(5,674)
Contributions after the measurement period	204,669	-
	$ 287,374	$ (557,140)

ALL RETIREMENT SYSTEMS	Deferred Outflows	Deferred Inflows
Difference between Expected and Actual Experience	$ 8,161	$ (14,918)
Investment Earnings	-	(615,956)
Changes in Assumptions	84,733	-
Change in Proportions		(5,674)
Contributions after the measurement period	307,480	-
	$ 400,374	$ (636,548)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ (115,555)
2023	$ (105,651)
2024	$ (130,591)
2025	$ (191,857)

Note 8 Pension Plans (Continued)

Actuarial assumptions:
The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Plan	TRSL	LSERS
Inflation	2.30%	2.50%
Discount rate used To measure pension liability	7.40%	6.90%
Salary increases	3.1%-4.6%, varies by duration of service	Varies based on years of service
Investment rate of return	7.40% net of investment expense	6.90% net of investment expense
Actuarial cost method	Entry age normal	Entry age normal
Amortization approach	Closed	Closed
Expected remaining service lives	5 years	3 years
Cost of Living Adjustment	none	none

Mortality rates for TRSL were based on the RP-2014 White Collar Employee tables adjusted by 1.010 for males and by 0.997 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.

For TRSL, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.87% for 2021. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TRSL:		
Domestic equity	27.0%	4.21%
International equity	19.0%	5.23%
Domestic fixed income	13.0%	.44%
International fixed income	5.5%	.56%
Private Equity	25.5%	8.48%
Other Private Assets	10.0%	4.27%

For LSERS, the long-term expected rates of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. There rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2019, are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LSERS:		
Fixed income	26.0%	.76%
Equity	39.0%	2.84%
Alternatives	23.0%	1.87%
Real estate	12.0%	.60%
	100.0%	6.07%
Inflation		2.10%
Expected Arithmetic Nominal Return		8.17%

Note 8 Pension Plans (Continued)

Rates of return are presented as arithmetic means for TRSL and for LSERS. The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the of the School Board's proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRSL (current rate 7.45%)	$1,335,959	$807,276	$362,597
LSERS (current rate 7.00%)	287,491	186,676	100,501

Pension plan fiduciary net position:
Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans.

Support of Non-employer contributing entities:
Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Center recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2021, the Center recognized revenue as a result of support received from non-employer contributing entities of $6,525 for its participation in TRSL.

Note 9 Commitments and Contingencies

Intergovernmental awards and interagency fees received are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, those revenues may be required to be repaid 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 10 Risk Management

LIABILITY INSURANCE:
The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and 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 employees by funding 80% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid by withholding allowances from 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.

Note 11 Schedule of Per Diem and Compensation of Board of Commissioners

Board members were not paid per diem or mileage during the year.

REQUIRED SUPPLEMENTAL INFORMATION

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final*	Actual	Variance - Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	$ 600,000	$ 600,000	$ 339,155	($260,845)
Intergovernmental:				
State Revenue Sharing	51,000	51,000	50,873	(127)
Federal DOTD 53-10 Grant	62,280	62,280	-	(62,280)
Adult Services Income	730,000	730,000	553,259	(176,741)
Cafeteria Services	28,000	28,000	12,394	(15,606)
Transportation Services	62,880	62,880	35,062	(27,818)
Residential Services	427,000	427,000	372,940	(54,060)
Community Services	5,000	5,000	-	(5,000)
Donations-Restricted	1,000	1,000	200	(800)
Interest and Dividends	85,000	85,000	70,887	(14,113)
Insurance Proceeds	-	-	62,664	62,664
Miscellaneous	3,600	3,600	3,305	(295)
Total Revenues	2,055,760	2,055,760	1,500,739	(555,021)
EXPENDITURES:				
Current:				
Administrative	658,783	658,783	570,929	87,854
Maintenance	750,222	750,222	328,355	421,867
Adult Instruction	951,258	951,258	755,048	196,210
School Lunch Program	228,968	228,968	171,407	57,561
Transportation Services	259,991	259,991	176,599	83,392
Residential Services	412,646	412,646	328,399	84,247
Community Services	53,544	53,544	38,402	15,142
Total Current	3,315,412	3,315,412	2,369,139	946,273
Capital Outlay	-	-	406,361	(406,361)
Total Expenditures	3,315,412	3,315,412	2,775,500	539,912
NET CHANGE IN FUND BALANCE	(1,259,652)	(1,259,652)	(1,274,761)	(15,109)
FUND BALANCE:				
Beginning of year	5,479,393	5,792,182	5,749,302	- 42,880
End of year	$ 4,219,741	$ 4,532,530	$ 4,474,541	$ (57,989)

SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
Teacher's Retirement System of Louisiana

Last Ten Fiscal Years*								
For fiscal year ended	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**	**June 30, 2021**	**June 30, 2022**
Measurement Date	**June 30, 2014**	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**	**June 30, 2021**
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:								
Proportion of the net pension liability	0.022150%	0.020690%	0.019890%	0.019460%	0.019750%	0.017710%	0.017100%	0.015120%
Proportionate share of the net pension liability	$ 2,264,354	$ 2,224,646	$ 2,334,369	$ 1,994,913	$ 1,941,230	$ 1,757,655	$ 1,901,908	$ 807,276
Covered employee payroll	$ 913,862	$ 912,146	$ 883,345	$ 847,915	$ 800,014	$ 855,810	$ 818,933	$ 764,068
Proportionate share of the net pension liability as a percentage of its covered employee payroll	247.78%	243.89%	264.26%	235.27%	242.65%	205.38%	232.24%	105.65%
Plan fiduciary net position as a percentage of the total pension liability	63.7%	62.5%	59.9%	65.6%	68.6%	68.6%	65.6%	83.9%
SCHEDULE OF CONTRIBUTIONS:								
Contractually required contribution	$ 254,281	$ 234,998	$ 214,455	$ 226,850	$ 225,853	$ 211,598	$ 209,284	$ 184,088
Contributions paid	(254,281)	(234,998)	(214,455)	(226,850)	(225,853)	(211,625)	(209,284)	(197,396)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (27)	$ -	$ (13,308)
Covered employee payroll	913,862	912,146	883,345	847,915	800,014	855,810	818,933	764,068
Contribution as a percentage of covered employee payroll	26.30%	26.30%	24.28%	26.75%	28.23%	24.72%	25.56%	24.09%

*Note: Initial Year of GASB 68 Implementation, Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

Notes to Required Supplementary Information
Changes of Benefit Terms include:

A 1.5 Cola, Effective July 1, 2014 provided by ACT 204 of the 2014 Louisiana Regular Legislative Session		no change	no change	no change	no change	no change	no change	no change
Changes of Assumptions								
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Investment rate of return	7.75% net of investment expense	7.75% net of investment expense	7.75% net of investment expense	7.70% net of investment expenses	7.70% net of investment expenses	7.55% net of investment expenses	7.45% net of investment expenses	7.4% net of investment expenses
Inflation rate	2.500%	2.500%	2.500%	2.5% per annum	2.5% per annum	2.5% per annum	2.3% per annum	2.3% per annum
Projected salary increases	3.50%-10.0% varies depending on duration of service	3.50%-10.0% varies depending on duration of service	3.50%-10.0% varies depending on duration of service	3.50%-10.0% varies depending on duration of service	3.50%-10.0% varies depending on duration of service	3.3%-4.8% varies depending on duration of service	3.1%-4.6% varies depending on duration of service	3.1%-4.6% varies depending on duration of service
Cost-of-living adjustments	None	None	None	None	None	None	None	None
Discount rate	7.75%	7.75%	7.75%	7.70%	7.65%	7.55%	7.45%	7.40%

SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
Last Ten Fiscal Years*
Louisiana School Employee's Retirement System

For fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:								
Proportion of the net pension liability	0.022300%	0.028320%	0.038823%	3.729100%	0.041163%	0.041733%	0.039349%	0.039274%
Proportionate share of the net pension liability	$ 129,536	$ 179,585	$ 292,860	$ 238,635	$ 275,025	$ 292,157	$ 316,152	$ 186,676
Covered employee payroll	$ 62,685	$ 83,318	$ 110,271	$ 105,863	$ 109,284	$ 112,525	$ 211,598	$ 115,514
Proportionate share of the net pension liability as a percentage of its covered employee payroll	206.65%	215.54%	265.58%	225.42%	251.66%	259.64%	149.41%	161.60%
Plan fiduciary net position as a percentage of the total pension liability	76.18%	74.49%	70.09%	74.44%	73.49%	73.49%	69.67%	82.51%
SCHEDULE OF CONTRIBUTIONS:								
Contractually required contribution	$ 27,495	$ 33,301	$ 29,143	$ 29,143	$ 32,771	$ 33,997	$ 34,599	$ 34,665
Contributions paid	(27,495)	(33,301)	(29,143)	(29,143)	(32,771)	(33,997)	(34,599)	(34,665)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 62,685	$ 83,318	$ 110,271	$ 105,863	$ 109,284	$ 112,525	$ 211,598	$ 115,514
Contribution as a percentage of covered employee payroll	43.86%	39.97%	26.43%	27.53%	29.99%	30.21%	16.35%	30.01%

*Note: Initial Year of GASB 68 Implementation, Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

Notes to Required Supplementary Information

Changes of Benefit Terms include:

A 1.5 Cola, Effective July 1, 2014 provided by ACT 204 of the 2014 Louisiana Regular Legislative Session		no change	no change	no change	no change	no change	no change	no change
Changes of Assumptions								
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Investment rate of return	7.25%	7.00%	7.13%	7.13%	7.00%	7.00%	7.00%	6.90%
Inflation rate	3.00%	2.75%	2.625%	2.625% per annum	2.5% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Projected salary increases	varies based on years of service	varies based on years of service	varies based on years of service	3.075% to 5.375%	3.25%	3.25%	3.25%	3.25%
Cost-of-living adjustments	None	None	None	None	None	None	None	None
Discount rate	7.25%	7.00%	7.13%	7.13%	7.00%	7.00%	7.00%	6.90%

OTHER SUPPLEMENTARY INFORMATION

Special Education District No. 1

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2021

Agency Head Name: **Torie T. Lee, Executive Director**

Purpose	Amount
Salary (state, parish & local)	$85,468
Benefits - insurance	$189
Benefits - retirement	$21,538
Car Allowance	$0
Vehicle provided by government	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration fees	$0
Conference travel	$0
Continuing professional education fees	$0
Housing	$0
Unvouchered expenses	$0
Special meals	$17
Fuel	$0
Dues	$0
Cell Phone	$0
Other - flu shot	$0
Other - auto maintenance	$0
Other	$0

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

STAGNI & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Special Education District #1's basic financial statements, and have issued our report thereon dated November 1, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly we do no express an opinion on the effectiveness of the internal controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exit that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this report

This purpose of this report is solely described in the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
November 1, 2022

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Statewide Agreed Upon Procedures Report
With Schedule of Findings
and Management's Responses

As of and for the Year Ending
June 30, 2022

STAGNI & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

STATEWIDE AGREED-UPON PROCEDURES REPORT
Special Education District #1

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2021 – June 30, 2022

Special Education District #1 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Special Education District #1 (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving

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d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees were notified of any changes to the entity's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *Written policies and procedures were obtained and reviewed. The requirements were met except for the following:*

1) *There is no policy for j) Debt Service, however the policy is not applicable. The District has no outstanding debt and no new debt has been issued.*
2) *The policy for l) Sexual Harassment, does not mention the requirement for annual training for employees or for annual reporting.*

Board or Finance Committee

2. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

   c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: *No exceptions were noted in this area.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *No exceptions were noted in this area.*

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   e) Trace the actual deposit per the bank statement to the general ledger.

Results: *There were no exceptions noted in this area.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

   b) At least two employees are involved in processing and approving payments to vendors.

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *No exceptions were noted in this area.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: *No exceptions were noted in this area.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *No exceptions were noted in this area.*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *No exceptions were noted in this area.*

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the

pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *No exceptions were noted in this area.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
    b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *No exceptions were noted in this area.*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *This test is not applicable. There was no outstanding debt or new debt issued during the fiscal year.*

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *No exceptions were noted in this area.*

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

    b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

    c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: *We performed the procedure and discussed the results with management. No exceptions were noted.*

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

    a. Number and percentage of public servants in the agency who have completed the training requirements;
    b. Number of sexual harassment complaints received by the agency;
    c. Number of complaints which resulted in a finding that sexual harassment occurred;
    d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
    e. Amount of time it took to resolve each complaint.

Results: *No exceptions were noted in this area.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
October 26, 2022