

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Annual Financial Report

June 30, 2017

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
*Annual Financial Report
June 30, 2017*

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SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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 similar to the accounting used by most private-sector companies. All of 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.

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OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$76,836 or 1.2% as a result of this year's operations.
- Total expenses for program activities were \$2,643,032 for the year, which was \$76,836 less than the \$1,162,029, generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues totaling \$1,404,167. The cost of all of the programs increased by \$202,166, or approximately 8.3%. The program revenues decreased by \$46,830 while the general revenues decreased by \$51,864 or 3.6%.
- The governmental funds reported a total ending fund equity of \$6,977,512. Fund balance for governmental activities decreased by \$256,239 from the prior year ending fund balance of \$7,233,751.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities reports all activity as governmental activities. All of 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:

	2017	2016	Dollar Change	Percent Change
Current and Other Assets	\$ 7,108,887	\$ 7,387,607	\$(278,720)	-3.8%
Capital Assets	1,464,868	1,308,781	156,087	11.9%
Total Assets	8,573,755	8,696,388	(122,633)	-1.4%
Deferred inflows of resources	519,675	317,615	202,060	63.6%
Current Liabilities	127,658	158,751	(31,093)	-19.6%
Long Term Liabilities	2,630,186	2,405,657	224,529	9.3%
Total Liabilities	2,757,844	2,564,408	193,436	7.5%
Deferred outflows of resources	61,820	98,993	(37,173)	-37.6%
Net Investment in Capital Assets	1,464,868	1,308,781	156,087	11.9%
Restricted	7,870	9,308	(1,438)	100.0%
Unrestricted	4,801,028	5,032,513	(231,485)	-4.6%
Total Net Position	\$ 6,273,766	\$ 6,350,602	\$ (76,836)	-1.2%

Net position decreased by \$76,836 as a result of this year's operations. The overall financial position decreased during the year. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed a decrease of \$231,485. Net Investment in Capital Assets increased by \$156,087 due to depreciation in excess of purchased assets. The balance in net assets represents the accumulated results of all past years' operations.

	2017	2016	Dollar Change	Percent Change
Program Revenues:				
Charges for Services	\$ 1,150,044	\$ 1,116,132	33,912	3.0%
Operating Grants and Contributions	11,985	12,635	(650)	-5.1%
Capital Grants and Contributions	-	80,092	80,092	100.0%
Total program revenues	1,162,029	1,208,859	(46,830)	-3.9%
Program Expenses:				
Current	2,643,032	2,440,866	202,166	8.3%
Total program expenses	2,643,032	2,440,866	202,166	8.3%
Net program income	(1,481,003)	(1,232,007)	248,996	20.2%

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OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

General revenues	<u>1,404,167</u>	<u>1,456,031</u>	<u>(51,864)</u>	<u>-3.6%</u>
Change in Net Position	(76,836)	224,024	(300,860)	16.6%
Net Position:				
Beginning of the year	<u>6,350,602</u>	<u>6,126,578</u>	<u>224,024</u>	<u>3.7%</u>
End of the year	<u>\$ 6,273,766</u>	<u>\$ 6,350,602</u>	<u>\$ (76,836)</u>	<u>-1.2%</u>

Total revenues received for the year were \$2,566,196 (\$1,162,029 in program revenues and \$1,404,167 in general revenues). This reflected a decrease of \$98,694 or approximately -3.85% from the prior year primarily due to a decrease in ad valorem taxes assessed and collected. The total cost of all instructional and support services, \$2,643,032, increased by \$202,166 from the prior year which is approximately an 8.3% increase.

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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined fund balance of \$6,977,512. This reflected a decrease of \$256,239. This decrease is primarily the result of the events and programs described within the analysis of its government-wide activities.

Unassigned fund balance, which is the portion of fund balance available for funding future operational needs, totaled \$6,969,642 (99%) and fund balance restricted for client activities totaled \$7,870 (1%).

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$2,815,335, including \$353,344 in capital outlay in the current fiscal year. Unassigned fund balance equaled 248% of total General Fund expenditures.

The fund balance of the General Fund decreased by \$256,239 during the current fiscal year. This decrease is due to (1) a decrease in ad valorem taxes (\$58,658), a decrease in adult service income (\$6,687), an increase in intergovernmental revenue (\$8,085), an

**SPECIAL EDUCATION DISTRICT # 1
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

increase in interest and dividend income (\$5,617), increase in residential services (\$26,665).

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised to reflect a net decrease of \$1,674,022 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

Increase (Decrease) due to:	Budgeted Amounts		Increase (Decrease)
	Original	Final	
REVENUES:			
Property tax millage decrease	\$3,540,000	\$1,248,913	\$(2,291,087)
Actual State Revenue Sharing decreased	51,000	50,702	(298)
Increase in interest rates due to changes in investments	30,000	90,000	60,000
Adult Services - decrease in qualifying clients/programs -	640,000	625,500	(14,500)
Transportation Revenues – grant increase	50,000	55,500	5,500
Residential Services decrease in clients/program	429,500	428,100	(1,400)
Community Services due to decrease in the program	5,000	500	(4,500)
Intergovernmental & Grants due to receipt of DOTD grants	63,480	21,000	(42,480)
Donations	1,000	11,955	10,955
Miscellaneous	100	7,474	7,374
Total Revenues	4,810,080	2,539,644	(2,270,436)
EXPENDITURES:			
District and School Administration, due to shift in line items And decrease in facility insurance	676,885	531,637	(145,248)
Adult Instruction decrease in staff salaries and benefits	980,019	855,335	(124,684)
Cafeteria Services decrease in food purchased	199,342	186,709	(12,633)
Transportation Services line item shifts	177,518	174,556	(2,962)
Community Services due to decrease in travel	50,826	41,891	(8,935)
Residential Services due to decrease in direct service salaries because of decreases in program services	492,910	429,266	(63,644)
Maintenance due mainly to increase in repairs & maintenance	509,478	557,647	48,169
Total Current	3,086,978	2,777,041	(309,937)
Capital Outlay due to change in equipment purchase	159,918	37,657	(122,261)
Total Expenditures	3,246,896	2,814,698	(432,198)
Net Change in Fund Balance	1,563,184	(275,054)	(1,838,238)
FUND BALANCE:			
Beginning	7,069,535	7,233,751	164,216
Ending	\$8,632,719	\$6,958,697	\$ (1,674,022)

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The total revenue and expenditure variances were in compliance with the State Budget Law.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2017 and 2016 was \$1,464,868 and \$1,346,641, respectively.

	<u>2017</u>	<u>2016</u>
Land	\$ 93,612	\$ 93,612
Construction in Progress	-	4,000
Buildings and Improvements	4,023,224	3,698,061
Furniture and Equipment	407,686	399,800
Buses and Vans	520,291	556,780
Total Cost	<u>5,044,813</u>	<u>4,752,253</u>
Accumulated Depreciation	<u>3,579,945</u>	<u>3,443,472</u>
Net Capital Assets	<u>\$ 1,464,868</u>	<u>\$ 1,308,781</u>
Depreciation Expense	<u>\$ 196,761</u>	<u>\$ 177,305</u>

This year there was \$357,344 of additions, \$60,784 disposals and no adjustments, reflecting the net increase in capital assets before depreciation.

Major capital asset additions during the current fiscal year included the following:

- The Sewer Plant project totaling \$129,246
- The Canopy project totaling \$123,638
- The Parking-Driveway Drainage project totaling \$66,803
- The purchase of vending machines totaling \$13,079
- The purchase of tables, benches and chairs totaling \$11,994
- The purchase of a convection steamer boiler totaling \$5,476
- The purchase of a door closer totaling \$4,350

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

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FOR THE YEAR ENDED JUNE 30, 2017**

LONG-TERM DEBT

The Center has long-term debt recorded for compensated absences in the amount of \$34,268 and Net Pension Liability of \$2,627,229. 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	\$ 6,748,535
Projected Revenue	4,759,800
Projected Expenditures	<u>(2,912,341)</u>
Ending Fund Balance	<u>\$ 8,595,994</u>

The ad valorem tax levy for the Maintenance and Operation Fund has been set at 4.90 mills which will generate an estimated \$3,440,000. The average increase in health insurance costs is expected to be 10% at 1/1/2018. The District will participate in the health/life insurance program at 80% of employee coverage and will remain at 55% of dependent coverage. Staff salaries reflect a 1% cost of living increase and a 2% merit increase. The employer contribution rate for the Teachers Retirement System of Louisiana will increase to 26.6% and from 25.5% and the employee contribution rate will remain at 8% and for the School Employees Retirement System the employer contribution rate will increase to 27.6% from 27.3% while the employee contribution rate will remain at 7.5% at determined by the Louisiana Public Retirement Systems' Actuarial Committee. Funds totaling \$30,000 have been incorporated into the Maintenance Budget for any improvements that need to be made during the fiscal year.

Equipment Purchases for the adult services budget has been proposed at \$15,000 for any unexpected purchases during the year. \$42,000 for a new vehicle with \$35,700 grant money from the State of Louisiana has been incorporated into this new budget. \$50,000 has also been included in the Cafeteria Budget in the anticipation of replacing aging kitchen equipment.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Special Education District #1 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility 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 statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Special Education District #1 as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the required supplementary schedules for the net pension liabilities as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head as listed in the table of contents as other supplementary information is presented for the purpose of additional analysis and are not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, 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 that 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

Thibodaux, Louisiana
December 8, 2017



**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Statement of Net Position

June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 6,306,783
Investments	644,899
Receivables:	
Due from other agencies	85,219
Accounts	2,108
Prepaid Insurance	35,028
Inventory	34,850
Capital Assets, Net of Accumulated Depreciation	1,464,868
TOTAL ASSETS	8,573,755
 DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources - contributions	244,121
Deferred outflows of resources - other	275,554
TOTAL DEFERRED OUTFLOWS OF RESOURCES	519,675
 LIABILITIES	
Accounts, salaries, and other payables	20,641
Accrued payable payable	75,706
Compensated absences payable - current	31,311
TOTAL CURRENT LIABILITIES	127,658
Compensated absences payable - long term	2,957
Net pension liability	2,627,229
TOTAL LIABILITIES	2,757,844
 DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows of resources	61,820
 NET POSITION	
Net Invested in capital assets	1,464,868
Restricted for client activities	7,870
Unrestricted	4,801,028
TOTAL NET POSITION	\$ 6,273,766

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Statement of Activities
For the Year Ended June 30, 2017

Governmental Activities:	Program Revenues:				Net (Expenses)/ Revenue
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
Adult Instruction	\$ 846,700	\$ 643,892	\$ -	\$ 11,985	-\$ 190,823
Administrative	506,398	-	-	-	(506,398)
Maintenance	427,308	-	-	-	(427,308)
Cafeteria	186,819	25,602	-	-	(161,217)
Transportation	215,190	56,325	-	-	(158,865)
Residential	420,757	423,725	-	-	2,968
Community Services	39,860	500	-	-	(39,360)
Total Governmental Activities	\$ 2,643,032	\$ 1,150,044	\$ -	\$ 11,985	(1,481,003)

General Revenues:

Ad Valorem Taxes	1,248,913
State Revenue Sharing	50,702
Sales Tax	3,051
Interest and Dividends	90,087
Miscellaneous	135
Sale of Fixed Asset	3,683
Revenue from nonemployer contributing entities	7,596
Total General Revenues	1,404,167

Change in Net Position

(76,836)

Net Position:

Beginning of year	6,350,602
End of year	\$ 6,273,766

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund
ASSETS	
Cash	\$ 6,306,783
Investments	644,899
Receivables:	
Due from other agencies	85,219
Accounts	2,108
Inventory	34,850
TOTAL ASSETS	\$ 7,073,859
LIABILITIES	
Accounts payable and accrued liabilities	\$ 20,641
Accrued payroll	75,706
TOTAL LIABILITIES	96,347
FUND EQUITY	
Restricted for client activities	7,870
Unassigned	6,969,642
TOTAL FUND EQUITY	6,977,512
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,073,859
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	
Total fund balances - governmental funds	\$ 6,977,512
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	\$ 5,044,813
Accumulated Depreciation	3,579,945
	1,464,868
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds	
Prepaid Insurance	35,028
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	(31,311)
Compensated absences - long-term	(2,957)
Net pension liability	(2,627,229)
	(2,661,497)
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	244,121
Deferred outflows of resources - other	275,554
Deferred inflows of resources related to pensions	(61,820)
	457,855
Net position of governmental activities	\$ 6,273,766

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, 2017

	<u>General Fund</u>
REVENUES	
Ad Valorem Taxes	\$ 1,248,913
State Revenue Sharing	50,702
Adult Services Income	623,172
Cafeteria Services	25,602
Transportation Services	56,325
Residential Services	423,725
Community Services	500
Intergovernmental Revenue	20,720
Donations	11,985
Interest and Dividends	90,087
Sale of Asset	4,179
Sales Tax	3,051
Miscellaneous	135
	<u>2,559,096</u>
EXPENDITURES	
Current:	
Administrative	519,953
Maintenance	246,855
Adult Instruction	861,347
Cafeteria	188,225
Transportation	173,843
Residential	429,903
Community Services	41,865
Total Current	<u>2,461,991</u>
Capital Outlay	353,344
Total Expenditures	<u>2,815,335</u>
NET CHANGE IN FUND BALANCE	(256,239)
FUND BALANCE	
Beginning of year	7,233,751
End of year	<u>\$ 6,977,512</u>

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, 2017

Net change in fund balances - governmental funds \$ (256,239)

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	\$ 353,344	
Proceeds from Sale of Assets	(4,179)	
Gain or Loss from Sale of Assets	3,683	
Depreciation expense		
Adult Instruction	(13,617)	
General & Administrative	(5,315)	
Plant Maintenance & Operations	(128,861)	
Cafeteria Services	(3,953)	
Transportation Services	(45,015)	
	(196,761)	156,087

Other expenses reported in the Statement of Activities that do not require
current financial resources:

Increase in Prepaid Insurance	904
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Governmental funds report district pension contributions as expenditures.
However in the Statement of Activities, the cost of pension benefits earned net
of employee contributions is reported as pension expense.

Revenue from non-employer contributing entities	7,596	
District pension contributions	243,599	
Cost of benefits earned net of employee contributions	(234,960)	16,235

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	6,177
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Change in net position of governmental activities \$ (76,836)

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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 (i.e., the statement of net assets and the statement of activities) display information about the Center as a whole. These statements are prepared using the economic resources measurement focus.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (continued)

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.

Fund Financial Statements

Fund financial statements 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. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

For this purpose, the government considers revenues (with the exception of 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 at year end when revenue is recognized for taxes received within sixty (60) days subsequent to 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments

Deposits are considered to be 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.

The following is a summary of authorized and levied ad valorem taxes:

	Millage		Expiration
	Authorized	Levied	Date
Taxes due for:			
Operation & Maintenance	4.98 mills	1.92 mills	2026

The following is the principal taxpayers and the related assessed value and property tax revenue received for the current year:

Taxpayer	Assessed Value	Tax Revenue
Nautical Solutions, LLC	\$40,806,170	\$ 80,796
Hornbeck Offshore Services	\$39,619,930	\$ 78,447

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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:

<u>Description</u>	<u>Estimated Lives</u>
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 government wide financial statements categorized in current (due within one year) and long-term.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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

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).

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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

K. *Fund Equity (continued)*

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.

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

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 multiple items that qualify for reporting in this category:

- The Deferred Outflow of resources related to pension contributions. This deferred charge is the amount of the contributions the district paid after the pension plan measurement dates (June 30, 2016) with regards to GASB 68. These employer contributions from July 2016-June 2017 were \$244,121. This amount will be amortized using a straight line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.
- Another amount in the deferred outflows category is the deferral of other pension liability related outflows. This deferred charge is the Center's proportionate share of deferred outflows at June 30, 2016 (the pension plan measurement date), which includes the changes in employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date and were recognized in the Center's pension expense/(benefit) using a straight amortization method over a period equal to the average of the expected remaining services lives (3 years) of all employees that are provided pensions through the pension plan. The change in proportion was \$61,579 for the current measurement period.
- This category also includes the change of assumptions about future economic or demographic factors or of other inputs were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives (3 years) of the employees in the pension plans. The change in assumption accounts for \$6,938. Total deferred outflows of resources-other is \$68,517.

In addition to liabilities, the statement of financial position will sometimes report 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows/Inflows of Resources (continued)

The Center's deferred inflow line item relates to the implementation of GASB 68. The deferred inflow of \$61,820 is for the District's proportionate share of the differences between the expected and actual experience with regard to economic or demographic factors and the net difference between projected and actual investment earning on pension plan investments. The measurement of the total pension liability was recognized in pension expense using the straight line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with pension through the pension plans.

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, 2017, taxes of 1.98 mills was levied on property valued as of January 1, 2016 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. Taxes levied were \$1,347,753 of which 95% (including interest and delinquent charges) were collected through June 30, 2017.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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, 2017, the carrying amount of deposits was \$6,306,783 and the bank balance was \$6,335,147. 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, \$5,585,147 is considered under 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 \$6,650,814 secure these deposits from risk. 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 \$644,899 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 4 Deposits and Investments (Continued)

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, 2017, 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.

Receivables totaling \$85,219 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	Amount
Medicaid	\$ 74,061
Res-Care, Inc.	\$ 5,597
OCDD	\$ 5,215
Res-Care, Inc.-Meals	\$ 346

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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	-	-	(4,000)	-
Total Capital Assets, not being depreciated	<u>97,612</u>	<u>-</u>	<u>(4,000)</u>	<u>93,612</u>
Capital Assets, being depreciated				
Buildings and Improvements	3,698,061	325,163	-	4,023,224
Furniture and Equipment	399,800	32,181	(24,295)	407,686
Buses and Vans	556,780	-	(36,489)	520,291
Total capital assets, being depreciated	4,654,641	357,344	(60,784)	4,951,201
Less Accumulated Depreciation:				
Buildings and Improvements	2,696,795	128,861	-	2,825,656
Furniture and Equipment	318,976	22,885	(23,686)	318,175
Buses and Vans	427,587	45,015	(36,489)	436,113
Total Accumulated Depreciation	<u>3,443,358</u>	<u>196,761</u>	<u>(60,175)</u>	<u>3,579,945</u>
Capital Assets, being depreciated, net	<u>\$1,211,283</u>			<u>1,371,256</u>
Total Net Capital Assets, net	<u>\$1,308,895</u>			<u>\$1,464,868</u>

Depreciation expense of \$196,761 was charged to the following governmental functions:

Adult instruction	\$13,617
Transportation services	45,015
Physical plant and insurance	128,861
General and administrative	5,315
Cafeteria services	<u>3,953</u>
Total	<u>\$196,761</u>

Total capital asset additions were \$353,344 and there were dispositions of \$60,784 for the year.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2016	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2017	CURRENT	LONG-TERM
Compensated absences	\$ 40,444	\$ 42,423	\$ 48,599	\$ 34,268	\$ 31,311	\$ 2,957
Net Pension Liability (see Note 8)	\$2,404,231	\$583,454	\$ 360,456	\$2,627,229		\$2,627,229

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). Pertinent information relative to each plan follows:

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

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 8 Pension Plans (Continued)

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.

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

Note 8 Retirement Plans (Continued)

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.

• **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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

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.

• **Contributions**

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, 2017 are as follows:

	<u>Employee</u>	<u>Employer</u>
K-12 Regular Plan	8.0%	25.5%
Plan A	9.1%	30.7%
Optional Retirement Plan	8.0%	21.2%

The Center's contractually required composite contribution rate for the year ended June 30, 2017 was 25.5% 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 \$214,978 for the year ended June 30, 2017.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

Louisiana School Employees' Retirement System (LSERS)

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.lasers.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.

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 1/2 % 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

• **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.

• **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, 2017, the employer contribution rate contribution rate was 27.3%, and the employee contribution rate was either 7.5%, based on initial participation date.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

The school's contractually required composite contribution rate for the year ended June 30, 2017 was 27.3% 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 were \$29,143 for the year ended June 30, 2017.

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

As of June 30, 2017 the Center reported a total of \$2,627,229 for its proportionate shares of the net pension liability of the Plans, as follows:

<u>Plan</u>	<u>Proportionate share of net pension liability</u>
TRSL	\$ 2,334,369
LSERS	292,860
Total	<u>\$ 2,627,229</u>

The net pension liability was measured as of June 30, 2016, 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. At June 30, 2015, the proportions of each plan were as follows:

<u>Plan</u>	<u>Proportionate share</u>	
	<u>6/30/16</u>	<u>6/30/15</u>
TRSL	.019890%	.020690%
LSERS	.038823%	.028320%

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

For the year ended June 30, 2017, the Center's recognized pension expense as follows:

<u>Plan</u>	<u>Pension expense</u>
TRSL	\$ (52,496)
LSERS	61,135
Total	<u>\$ 8,639</u>

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

Teachers Retirement System

<u>Plan/Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion	\$ 49,315	\$ -
Differences between expected and actual experience	-	(46,087)
Net difference between projected and actual earnings on pension plan investments	169,937	-
Contributions subsequent to the measurement date	214,978	-
	<u>\$ 434,230</u>	<u>(\$46,087)</u>

Louisiana School Employees Retirement System

<u>Plan/Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion	\$ 56,302	\$ -
Differences between expected and actual experience	-	(15,733)
Net difference between projected and actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	29,143	-
	<u>\$ 85,445</u>	<u>(\$15,733)</u>

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

All Retirement Systems

Plan/Description	Deferred outflows of resources	Deferred inflows of resources
Changes in proportion	\$ 105,617	\$ -
Differences between expected and actual experience	-	(61,820)
Net difference between projected and actual earnings on pension plan investments	169,937	-
Contributions subsequent to the measurement date	244,121	-
	\$ 519,675	(\$61,820)

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, 2017. 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:	
2017	\$ 42,606
2018	\$ 29,220
2019	\$ 91,177
2020	\$ 50,730

Actuarial assumptions:

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

Plan	TRSL	LSERS
Inflation	2.50%	2.625%
Discount rate used To measure pension liability	7.75%	7.125%
Salary increases	3.5%-10%, varies by duration of service	Varies based on years of service
Investment rate of return	7.75% net of investment expense	7.125% 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

Actuarial assumptions used in the June 30, 2016 valuations were based on the results of actuarial experience studies as follows:

- TRSL for the period July 1, 2008 to June 30, 2012.
- LSERS for the period July 1, 2008 to June 30, 2012.

The discount rate and the investment rate of return for LSERS was changed from 7.0% for the June 30, 2015 measurement date to 7.125% for the June 30, 2016 measurement date.

Mortality rates for TRSL were based on the RP-2000 Mortality Table with projection to 2025 using Scale AA. Mortality rate for LSERS were based on the RP-2000 Combined Healthy Sex Distinct Mortality Table.

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

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 2.5% and an adjustment for the effect of rebalancing/diversification.

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. These 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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TRSL:		
Domestic equity	31.0%	4.50%
International equity	19.0%	5.31%
Domestic fixed income	14.0%	2.45%
International fixed income	7.0%	3.28%
Alternatives	29.0%	11.62%

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LSERS:		
Fixed income	30.0%	1.82%
Equity	51.0%	3.10%
Alternatives	13.0%	0.79%
Real assets	6.0%	0.36%
Totals	100%	6.07%
Inflation		2.00%
Expected Arithmetic Nominal Return		8.07%

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

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 7.75%)	\$ 2,911,673	\$ 2,334,369	\$ 1,843,123
LSERS (current rate 7.00%)	384,444	292,860	214,397
Total	\$ 3,296,117	\$ 2,627,229	\$ 2,057,520

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, 2017, the Center recognized revenue as a result of support received from non-employer contributing entities of \$7,596 for its participation in TRSL.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2017

Note 8 Pension Plans (Continued)

Payables to the pension plans:

At June 30, 2017, amounts due to the pension plans for employer and employee required contributions are as follows:

<u>Plan</u>	<u>Pension Plan Payables</u>
TRSL	\$ 22,767
LSERS	3,304
Total	<u>\$ 26,071</u>

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2017

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

During the year ended June 30, 2017 the Board of Commissioners held twelve (12) meetings. 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, 2017

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 3,540,000	\$ 1,248,913	\$ 1,248,913	\$0
Intergovernmental:				
State Revenue Sharing	51,000	50,702	50,702	0
Federal DOTD 53-10 Grant	46,680	-	-	-
Client Services - OCDD Individual Contracts	16,800	21,000	20,720	(280)
Adult Services Income	640,000	625,500	623,172	(2,328)
Cafeteria Services	25,000	25,000	25,602	602
Transportation Services	50,000	55,500	56,325	825
Residential Services	429,500	428,100	423,725	(4,375)
Community Services	5,000	500	500	-
Donations	1,000	11,955	11,985	30
Interest and Dividends	30,000	90,000	90,087	87
Sale of Fixed Assets	-	-	4,179	4,179
Sales Tax	-	-	3,051	3,051
Miscellaneous	100	7,474	135	- 7,339
Total Revenues	<u>4,835,080</u>	<u>2,564,644</u>	<u>2,559,096</u>	<u>(5,548)</u>
EXPENDITURES:				
Current:				
Administrative	676,885	531,637	519,953	11,684
Maintenance	509,478	206,960	246,855	(39,895)
Adult Instruction	980,019	855,335	861,347	(6,012)
Cafeteria Services	199,342	186,709	188,225	(1,516)
Transportation Services	177,518	174,556	173,843	713
Residential Services	492,910	429,266	429,903	(637)
Community Services	50,826	41,891	41,865	26
Total Current	<u>3,086,978</u>	<u>2,426,354</u>	<u>2,461,991</u>	<u>(35,637)</u>
Capital Outlay	159,918	388,344	353,344	35,000
Total Expenditures	<u>3,246,896</u>	<u>2,814,698</u>	<u>2,815,335</u>	<u>(637)</u>
NET CHANGE IN FUND BALANCE	1,588,184	(250,054)	(256,239)	(6,185)
FUND BALANCE:				
Beginning of year	7,069,535	7,233,751	7,233,751	-
End of year	<u>\$ 8,657,719</u>	<u>\$ 6,983,697</u>	<u>\$ 6,977,512</u>	<u>\$ (6,185)</u>

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

For fiscal year ended Measurement Date	June 30, 2016 June 30, 2015	June 30, 2017 June 30, 2016
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:		
Proportion of the net pension liability	0.020690%	0.019890%
Proportionate share of the net pension liability	\$ 2,224,646	\$ 2,334,369
Covered employee payroll	\$ 912,146	\$ 883,345
Proportionate share of the net pension liability as a percentage of its covered employee payroll	243.89%	264.26%
Plan fiduciary net position as a percentage of the total pension liability	62.47%	59.90%
SCHEDULE OF CONTRIBUTIONS:		
Contractually required contribution	\$ 234,998	\$ 214,455
Contributions paid	(234,998)	(214,455)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	893,520	\$ 843,174
Contribution as a percentage of covered employee payroll	26.30%	25.43%

*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.

The amounts presented have a measurement date of the previous fiscal year end

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.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2015 and June 30, 2016.

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

For fiscal year ended Measurement Date	June 30, 2016 June 30, 2015	June 30, 2017 June 30, 2016
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:		
Proportion of the net pension liability	0.028320%	0.038823%
Proportionate share of the net pension liability	\$ 179,585	\$ 33,549
Covered employee payroll	\$ 83,318	\$ 110,271
Proportionate share of the net pension liability as a percentage of its covered employee payroll	215.54%	30.42%
Plan fiduciary net position as a percentage of the total pension liability	74.49%	70.09%
SCHEDULE OF CONTRIBUTIONS:		
Contractually required contribution	\$ 33,301	\$ 29,143
Contributions paid	(33,301)	(29,143)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 110,271	\$ 106,750
Contribution as a percentage of covered employee payroll	30.20%	27.30%

*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.

The amounts presented have a measurement date of the previous fiscal year end

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.

Changes of Assumptions

Include a change in the valuation interest rate from 7.25% to 7.00% effective July 1, 2014.

***OTHER SUPPLEMENTARY
INFORMATION***

Special Education District No. 1

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head Name: Rose Grabert, Executive Director

Executive Director from 7/16/16-12/31/16

Purpose	Amount
Salary (state, parish & local)	\$42,769
Benefits - insurance	\$3,017
Benefits - retirement	\$10,906
Car Allowance	\$0
Vehicle provided by government	\$3,176
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$350
Conference travel	\$250
Continuing professional education fees	\$199
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$187
Fuel	\$852
Dues	\$0
Cell Phone	\$0
Other - flu shot	\$0
Other - auto maintenance	\$0
Other	\$0

Special Education District No. 1

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head Name: Torie T. Lee, Executive Director

Interim Director from 12/21/16 to 2/16/17

Executive Director from 2/16/17 to present

Purpose	Amount
Salary (state, parish & local)	\$36,566
Benefits - insurance	\$272
Benefits - retirement	\$9,324
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	\$0
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, 2017, 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 December 8, 2017.

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 not 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.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Page 2 of 2

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 exist 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
December 8, 2017



***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, 2017***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Special Education District #1
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Special Education District #1 (the 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, 2016 through June 30, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described in the following schedule.

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, Louisiana

December 7, 2017

**Special Education District #1
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
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The required procedures and our findings are as follows:

Procedures performed on the written policies and procedures:

1. Obtain the written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 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.
Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - c) **Disbursements**, including processing, reviewing, and approving
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - d) **Receipts**, including receiving, recording, and preparing deposits
Performance: Obtained and read the written policy for receipts and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

**Special Education District #1
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Procedures performed on the written policies and procedures (continued):

- 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

Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Not applicable – there were no procedures performed for debt service.

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Procedures performed on the Board of Commissioners:

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of quarterly board meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected meeting minutes for budget to actual comparisons.

Exceptions: There was no reference to or monthly budget-to-actual comparisons on the General Fund.

Management's response: For all future meeting minutes there will be mention of the monthly budget-to-actual comparisons and will include budget-to-actual schedules that will be reviewed by the Board.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected Board minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contract, and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the bank reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Performance: Obtained the listing of bank accounts from management, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

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Procedures performed on the bank reconciliations (continued):

- a) Bank reconciliations have been prepared;

Performance: Selected 3 bank accounts out of a total of 3 accounts. Inspected bank reconciliations prepared for each month.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Performance: Inspected bank reconciliations (or statements for bank accounts that reconciliation were not prepared) for written approvals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Performance: Inspected bank reconciliations for items outstanding for more than 6 months.

Exceptions: There was no documentation that items that have been outstanding for more than 6 months had been researched for reconciling.

Management's response: Future bank reconciliations will include documentation of research on items that have been outstanding for more than 6 months as of the end of the fiscal period.

Procedures performed on the collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Obtained the listing of cash/check/money order (cash) collection locations from management, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

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Procedures performed on the collections (continued):

Performance: Inquired for the 1 cash collection location selected as to all the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Requested the written policies that outlined the reconciliation of cash collections and inquired of separation of duties.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Traced collections from the highest dollar week of the cash collections to the deposit date on the corresponding bank statement noting number of days from receipt to deposit for each day at each collection location.

Exceptions: There were 2 instances out of 28 deposits tested that were deposited within 2 business days of cash collection. Both were over a weekend.

Management's response: Management's policy states that any deposits not made in that day shall be placed in a locked fireproof file cabinet in the secure office of the Fiscal Services Coordinator at the end of the business day. One of the deposits noted was for vending funds and according to the policy is deposited twice weekly.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Procedures performed on the collections (continued):

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Performance: Inspected the Policy Manual, and inquired of management as to separation of duties.

Exceptions: There was nothing in the written policies regarding the process specifically defined to determine the completeness of all collections.

Management's response: Management will consider revising the written policy to include the completeness of all collections.

Procedures performed on the disbursements:

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the listing of disbursements, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Randomly selected 25 disbursements from the list provided. Inquired of management and reviewed the written policies on requisition/purchase orders and how invoices are approved for payment.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Procedures performed on the disbursements (continued):

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Reviewed written policy and inspected documents for purchase approval.

Exceptions: There were no exceptions noted.

Management's response: There were no exceptions noted.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Reviewed written policy and inspected documents for receipt of purchase and approved invoice.

Exceptions: There were no exceptions noted.

Management's response: There were no exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Obtained and inspected the written policies, and inquired of management as to separation of duties.

Exceptions: There were no exceptions noted.

Management's response: There were no exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Inspected the written policies, and inquired of management as to authorization for disbursements.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed that the all supplies of unused checks are maintained in a locked location.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

**Special Education District #1
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Procedures performed on the disbursements (continued):

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management of the details of signing checks and the control over them. A signature stamp or signature machine is not used.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the credit cards, debit cards, fuel cards, p-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Performance: Obtained a listing of all active credit cards including the above-mentioned information for each card, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained all monthly statements for all cards issued and observed for supporting documentation as well as approvals.

Exceptions: The statement reviewed did not have written evidence of approval.

Management's response: During the year a new director was hired and the policy has been changed for written approval by someone other than the authorized card holder.

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Procedures performed on the credit cards, debit cards, fuel cards, p-cards (continued):

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Reviewed all credit card statements for any late fees or finance charges.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation for the purpose of each transaction noting clear purpose as business/public. There were no transactions for meal charges.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Observed written approvals of credit card transactions. Management reviews all transactions and then agrees to support before payment.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared transaction detail to the written policies and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Special Education District #1
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Procedures performed on the credit cards, debit cards, fuel cards, p-cards (continued):

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions

Performance: Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a listing of all travel and related expense reimbursements including the above-mentioned information, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Compared transaction detail to the written policies; and to the per diem and mileage rates established by the U.S. General Services Administration.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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Procedures performed on the travel and expense reimbursements (continued):

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the 3 employees with the most travel costs during the period and the highest travel expenditure reimburse for each. Compared documentation to the applicable rates listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Traced each expense to the original itemized receipt with detail of reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Performance: Traced each expense to the original itemized receipt with detail of reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Traced each expense to the original itemized receipt with documentation for reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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Procedures performed on the travel and expense reimbursements (continued):

Performance: Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected all transactions for documentation of review and approval in writing other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on contracts:

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a listing of all contracts, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained a copy and reviewed 2 of the 3 contracts in effect for the fiscal year.

Exceptions: The two contracts reviewed were for janitorial services and dumpster services. In all instances tested the actual amount paid exceeded the stated price in the contract, however the contracts did allow for increases.

Management's response: The amounts paid were in agreement with amended contracts, however the amended contracts were not on file when tested. Management will obtain and maintain to file copies of all amended contracts in the future.

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Procedures performed on contracts (continued):

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Performance: Compared each contract's detail noting whether the entity solicited quotes as a best practice.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contract and inquired of management whether the contract was amended.

Exceptions: There was no copy of an amended contract on file.

Management's response: Management will obtain and maintain copies of all amended contracts in the future.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected contract to agree to the actual expenditure.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrson Act or Home Rule Charter).

Performance: Observed approval of contract by management.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Procedures performed on payroll and personnel:

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Performance: Obtained a listing of employees with their related salaries, and received management's representation that it was complete.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation from the approved pay letter in personnel folders with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Observed the written policy and traced all salary adjustments approved in writing as per the policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Randomly selected one pay period to test leave taken during that period. Inspected 6 daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Reviewed documentation of daily attendance and leave records for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Procedures performed on payroll and personnel (continued):

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Reviewed documentation of daily attendance and leave records each employee eligible for leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Obtained list of terminated employees during the fiscal period and management's representation that the list is complete. Of the terminated employees, we traced the 2 employees with the largest termination payments to their personnel files to determine if payments were made in strict accordance with the written policies.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Reviewed payroll and retirement forms filed along with cancelled checks and EFT documentation for the fiscal year to determine if all forms were submitted to the proper agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

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Procedures performed on ethics (continued):

Performance: Performed a search on the LA Ethics Board website for the 5 employees selected for compliance documentation certificates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management whether any alleged ethics violations were reported during the fiscal year and management's representation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on debt service:

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Performance: No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

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Other Procedures performed:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Inquired of management whether any misappropriations of public funds or assets during the fiscal year and management's representation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other Procedures performed:

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired of management and observed such notice posted as required.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.