SPECIAL EDUCATION DISTRICT #1 OF THE PARISH OF LAFOURCHE

Annual Financial Report

June 30, 2021

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SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

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

- Net position of our governmental activities decreased by $816,104 or 12% as a result of this year's operations.

- Total expenses for program activities were $2.5 million for the year, which was $1.5 million more than generated from charges for services and the grants and contributions received for these activities. General revenues were $731,662.

- The governmental funds reported a total ending fund equity of $5.7 million. Fund balance for governmental activities decreased by $738,246 or 11% from the prior year ending fund balance.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

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

	2021	2020	Dollar Change
Current and Other Assets	$ 5,767,594	$ 6,497,322	$ (729,728)
Capital Assets	1,364,113	1,467,473	(103,360)
Total Assets	7,131,707	7,964,795	(833,088)
Deferred outflows of resources	517,865	401,876	115,989
Current Liabilities	51,122	40,383	10,739
Long Term Liabilities	2,218,911	2,100,515	118,396
Total Liabilities	2,270,033	2,140,898	129,135
Deferred inflows of resources	56,749	127,262	(70,513)
Net Investment in Capital Assets	1,364,113	1,467,473	(103,360)
Restricted	4,081	998	3,083
Unrestricted	3,954,596	4,670,423	(715,827)
Total Net Position	$ 5,322,790	$ 6,629,072	$ (816,104)

Net position decreased by $816,104 or 12% as a result of this year's operations. The overall financial position decreased during the year. Significant increases and decreases are as follows:

- Current assets decreased by 11% (mostly cash and investments) for cash used to fund operations.
- Capital assets decreased because there was more depreciation recorded than assets purchased in the current year.
- Deferred outflows of resources increased by almost 30% to reflect the increase in the actuarial values of the pension calculation, and consequently deferred inflows decreased by over 50% for the same reason.

	2021	2020	Dollar Change
Program Revenues:			
Charges for Services	$ 834,291	$ 1,000,219	(165,928)
Operating Grants and Contributions	5,770	950	4,820
Capital Grants and Contributions	72,144	53,406	18,738
Total program revenues	912,205	1,054,575	(142,370)
Program Expenses-current	2,459,971	2,417,535	42,436
Net program income	(1,547,766)	(1,362,960)	184,806
General revenues	731,662	872,782	(141,120)
Change in Net Position	(816,104)	(490,178)	(325,926)
Net Position:			
Beginning of the year	6,138,894	6,629,072	(490,178)
End of the year	$ 5,322,790	$ 6,138,894	$ (816,104)

Total revenues received for the year were $1,643,867 ($912,205 in program revenues and $731,662 in general revenues). This reflected a decrease of $283,490 or 15% from the prior year. The total cost of all instructional and support services increased slightly by $42,436 from the prior year which is approximately an 2% decrease.

Significant increases and decreases are as follows:

- Capital Grants and Contributions includes the stimulus CARES Act revenue
- Adult Services Income decreased significantly by almost 25% or $132,000

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

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

Governmental funds reported an ending fund balance of $5,749,302. This reflected a decrease of $738,246 or 11%. 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 $5,745,221 (99%) and fund balance restricted for client activities was $4,081 at the end of the year.

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 $2,382,113– a slight decrease from the prior year, including $155,506 in capital outlay in the current fiscal year. Unassigned fund balance equaled 241% of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS

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

	2020	2021
Land	$ 93,612	$ 93,612
Project in progress	-	46,031
Buildings and Improvements	4,341,484	4,341,484
Furniture and Equipment	471,797	457,166
Buses and Vans	613,042	612,923
Total Cost	5,519,935	5,551,216
Accumulated Depreciation	4,052,462	4,187,103
Net Capital Assets	$ 1,467,473	$ 1,364,113
Depreciation Expense	$ 248,598	$ 258,865

This year there was $155,505 of additions, including $46,031 still in construction in progress for the construction project roof repairs, and $124,224 of fully depreciated assets disposed, reflecting the net increase in capital assets before depreciation.

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

LONG-TERM DEBT

The Center has long-term debt recorded for compensated absences in the amount of $33,681 and Net Pension Liability of $2,218,060. 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	$	5,479,393
Projected Revenue		2,055,760
Projected Expenditures		(3,315,412)
Ending Fund Balance	$	4,219,741

The Board approved the recommendation of the Finance Committee and adopted the budget on May 20, 2021. The 2021-2022 Budget included a 1 mill ad valorem tax levy and allocates a 1% C.O.L.A. and 2% Merit raise.

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, 2021, 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.

207 LAFAYE AVENUE • THIBODAUX, LA 70301 (985) 447-7226
13110 Hwy. 90 (PO Box 524) • BOUTTE, LA 70039 (985) 785-2928
FIRMWIDE FAX (985) 446-3032
EMAIL: STAGNI@STAGNI.COM
MEMBERS: AICPA • LCPA

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, 2021, 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.

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 9, 2021, 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 9, 2021

SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
Statement of Net Position
June 30, 2021

		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash	$	1,144,261
Investments		4,503,986
Receivables:		
Due from other agencies		83,699
Accounts		1,727
Inventory		33,921
Capital Assets, Net of Accumulated Depreciation		1,364,113
TOTAL ASSETS		7,131,707
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources - contributions		206,658
Deferred outflows of resources - other		311,207
TOTAL DEFERRED OUTFLOWS OF RESOURCES		517,865
LIABILITIES		
Accounts, salaries, and other payables		18,292
Compensated absences payable - current		32,830
TOTAL CURRENT LIABILITIES		51,122
Compensated absences payable - long term		851
Net pension liability		2,218,060
TOTAL LIABILITIES		2,270,033
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources		56,749
NET POSITION		
Net Invested in capital assets		1,364,113
Restricted for client activities		4,081
Unrestricted		3,954,596
TOTAL NET POSITION	$	5,322,790

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues:			
Governmental Activities:	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expenses)/ Revenue
Adult Instruction	$ 622,044	$ 425,253	$ -	$ 5,770	($191,021)
Administrative	683,338	-	-	-	(683,338)
Maintenance	434,671	-	40,369	-	(394,302)
Cafeteria	132,299	5,937	-	-	(126,362)
Transportation	203,137	38,853	31,775	-	(132,509)
Residential	334,524	363,248	-	-	28,724
Community Services	49,958	1,000	-	-	(48,958)
Total Governmental Activities	$ 2,459,971	$ 834,291	$ 72,144	$ 5,770	(1,547,766)

General Revenues:	
Ad Valorem Taxes	579,431
State Revenue Sharing	50,855
Interest and Dividends	80,194
Miscellaneous	21,182
Total General Revenues	731,662
Change in Net Position	**(816,104)**
Net Position:	
Beginning of year	6,138,894
End of year	$ 5,322,790

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund
ASSETS	
Cash	$ 1,144,261
Investments	4,503,986
Receviables:	
Due from other agencies	83,699
Accounts	1,727
Inventory	33,921
TOTAL ASSETS	$ 5,767,594
LIABILITIES	
Accounts payable and accrued liabilitites	$ 18,292
TOTAL LIABILITIES	18,292
FUND EQUITY	
Restricted for client activities	4,081
Unassigned	5,745,221
TOTAL FUND EQUITY	5,749,302
TOTAL LIABILITIES AND FUND EQUITY	$ 5,767,594

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

Total fund balances - governmental funds		$ 5,749,302
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	$ 5,551,216	
Accumulated Depreciation	(4,187,103)	
		1,364,113
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	(32,830)	
Compensated absences - long-term	(851)	
Net pension liability	(2,218,060)	
		(2,251,741)
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	206,658	
Deferred outflows of resources - other	311,207	
Deferred inflows of resources related to pensions	(56,749)	
		461,116
Net position of governmental activities		$ 5,322,790

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, 2021

	General Fund
REVENUES	
Ad Valorem Taxes	$ 579,431
Intergovernmental:	
State Revenue Sharing	50,855
Federal DOTD 53-10 Grant	40,369
HHS Stimulus CARES	31,775
Adult Services Income	425,253
Residential Services	363,248
Cafeteria Services	5,937
Transportation Services	38,853
Community Services	1,000
Donations-Restricted	5,770
Interest and Dividends	80,194
Miscellaneous	21,182
	1,643,867
EXPENDITURES	
Current:	
Administrative	563,306
Maintenance	283,398
Adult Instruction	742,308
Cafeteria	125,610
Transportation	127,503
Residential	334,524
Community Services	49,958
Total Current	2,226,607
Capital Outlay	155,506
Total Expenditures	2,382,113
NET CHANGE IN FUND BALANCE	(738,246)
FUND BALANCE	
Beginning of year	6,487,548
End of year	$ 5,749,302

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, 2021

Net change in fund balances - governmental funds		$ (738,246)
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	$ 155,506	
Adjustment to beginning balance of assets	(39,567)	
Depreciation expense:		
Adult Instruction	(9,872)	
General & Administrative	(15,397)	
Plant Maintenance & Operations	(151,273)	
Cafeteria Services	(6,689)	
Transportation Services	(75,634)	
	(258,865)	
		(142,926)
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds:		
(Increase) Decrease in pension liability	(168,248)	
Increase (Decrease) in deferred outflows	155,555	
(Increase) Decrease in deferred inflows	70,513	
		57,820
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		7,248
Change in net position of governmental activities		$ (816,104)

See notes to financial statements.

Special Education District #1 of the Parish of Lafourche (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage, and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

A. Reporting Entity

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

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

B. Measurement Focus and Financial Statement Presentation

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

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (Continued)

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

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

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

Residential Services - Residential Services provides the following services:

Respite Services - Respite Services provides direct care workers to the developmentally disabled client in their home allowing their parents/guardians to leave them for short periods of time.

Personal Care Assistance - The Personal Care Assistance program provides direct care workers to the developmentally disabled client on a "one on one" basis therefore allowing the client some personal time in the community. This program is administered completely out of the clients' homes.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Financial Statement Presentation (continued)

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

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

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

C. Basis of Accounting

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

Modified Accrual

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

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments

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

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

E. Ad Valorem Taxes

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those tax receivables that are expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. In the current year the Board did not levy any ad valorem taxes.

F. Inventories

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

G. Capital assets

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

Note 1 Summary of Significant Accounting Policies (Continued)

G. Capital assets (continued)

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

J. Restricted Net Assets

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

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

K. Fund Equity

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

L. Accounting Estimates

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

M. Pension Plans

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

N. Deferred Outflows/Inflows of Resources

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

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

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Notes to the Financial Statements
June 30, 2021

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, 2020, taxes of 1 mil were levied on property valued as of January 1, 2019 located in Ward 10 of the Parish of Lafourche. For the year ended June 30, 2021, taxes of 1.05 mill were levied on property located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated.

Note 4 Deposits and Investments

Deposits

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2021, the carrying amount of deposits was $5,425,301 and the bank balance was $5,531,492. 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, $5,028,395 is considered exposed to custodial credit risk.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC and pledged securities valued at $5,791,464 secure these deposits from risk.

Note 4 Deposits and Investments (Continued)

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

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

Investments

The Center's investments consist of $222,946 invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

This investment pool has not been assigned a risk category since The Center has not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types. As of June 30, 2021, 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.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Notes to the Financial Statements
June 30, 2021

Note 5 Revenue/Receivables from Other Agencies (continued)

Receivables totaling $83,699 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	Amount
Medicaid	$ 71,503
OCDD	$ 12,075
Res-Care, Inc.-Meals	$ 121

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

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS/ ADJUSTMENTS	ENDING BALANCE
Capital Assets, not being depreciated				
Land	$93,612	$ -	$ -	$93,612
Construction in Progress	-	46,031	-	46,031
Total Capital Assets, not being depreciated	93,612	46,031	-	**139,643**
Capital Assets, being depreciated				
Buildings and Improvements	4,341,484	-	-	4,341,484
Furniture and Equipment	471,797	33,812	(48,444)	457,166
Buses and Vans	613,042	75,662	(75,781)	612,923
Total capital assets, being depreciated	5,426,323	109,475	(124,224)	5,411,573
Less Accumulated Depreciation:				
Buildings and Improvements	3,240,826	151,273	-	3,392,100
Furniture and Equipment	364,223	31,958	(48,444)	347,737
Buses and Vans	447,413	75,634	(75,781)	447,266
Total Accumulated Depreciation	4,052,462	258,865	(124,224)	4,187,103
Capital Assets, being depreciated, net	$1,373,861			1,224,470
Total Net Capital Assets, net	$1,467,473			$1,364,113

Note 6 Capital Assets (continued)

Depreciation expense of $258,865 was charged to the following governmental functions:

Adult instruction	$ 9,872
Transportation services	75,634
Physical plant and insurance	151,273
General and administrative	15,397
Cafeteria services	6,689
Total	$258,865

Total capital asset additions were $155,505, including $46,031 in construction in progress and there were dispositions of $124,224 for the year.

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2020	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2021	CURRENT	LONG-TERM
Compensated absences	$ 40,929	$ 46,418	$ 53,029	$ 33,681	$ 32,830	$ 851
Net Pension Liability (see Note 8)	$2,049,812	$168,248		$2,218,060		$2,218,060

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 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.

<u>Retirement Benefits (Regular Plan):</u> 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.

Note 8 Pension Plans (Continued)

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.

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.

Note 8 Pension Plans (Continued)

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.

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.

Note 8 Pension Plans (Continued)

- **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, 2019 are as follows:

	Employee	Employer
K-12 Regular Plan	8.0%	26.0%
Plan A	9.1%	26.0%
Optional Retirement Plan	8.0%	22.2%

The Center's contractually required composite contribution rate for the year ended June 30, 2020 was 26.0% 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 $211,625 for the year ended June 30, 2020.

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.lsers.net.

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

Note 8 Pension Plans (Continued)

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

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

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

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

Note 8 Pension Plans (Continued)

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

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

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

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

- **Contributions**

Contributions for all participating schools are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. For the year ended June 30, 2020, the employer contribution rate contribution rate was 29.40%, and the employee contribution rate was 7.5%, based on initial participation date. Contributions to the pension plan were $34,559 for the year ended June 30, 2020.

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

As of June 30, 2019 the Center reported the proportionate shares of the net pension liability of the Plans, as follows:

Plan	Proportionate share of net pension liability
TRSL	$ 1,901,908
LSERS	316,152
Total	$ 2,218,060

Note 8 Pension Plans (Continued)

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

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

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

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

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

Teachers Retirement System

Plan/Description	**Deferred *outflows of* resources**	**Deferred *inflows of* resources**
Changes in assumption	$ 113,145	$ -
Differences between expected and actual experience	-	(30,530)
Investment Gain/Loss	146,816	-
Contributions subsequent to the measurement date	197,396	-
	$ 457,357	($30,530)

Note 8 Pension Plans (Continued)

Louisiana School Employees Retirement System

Plan/Description	Deferred outflows of resources	Deferred inflows of resources
Changes in proportion	$ 1,225	$ (18,436)
Differences between expected and actual experience	-	(7,783)
Investment Gain/Loss	48,137	-
Changes in assumptions	1,884	
Contributions subsequent to the measurement date	9,262	-
	$ 60,508	($26,219)

All Retirement Systems

Plan/Description	Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	$ 115,029	$ -
Changes in proportion	1,225	-
Differences between expected and actual experience	-	(38,313)
Net difference between projected and actual earnings on pension plan investments	194,953	(18,436)
Contributions subsequent to the measurement date	206,658	-
	$ 517,865	($56,749)

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 8 Pension Plans (Continued)

Year ended June 30:	
2021	$ 26,614
2022	$ 79,726
2023	$ 90,035
2024	$ 67,866

Actuarial assumptions:
The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Plan	TRSL	LSERS
Inflation	2.30%	2.50%
Discount rate used To measure pension liability	7.45%	7.00%
Salary increases	3.1%-4.6%, varies by duration of service	Varies based on years of service
Investment rate of return	7.45% net of investment expense	7.00% 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

Note 8 Pension Plans (Continued)

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

For TRSL, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.17% for 2020. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TRSL:		
Domestic equity	27.0%	4.60%
International equity	19.0%	5.54%
Domestic fixed income	13.0%	.69%
International fixed income	5.5%	1.50%
Private Equity	25.5%	8.62%
Other Private Assets	10.0%	4.45%

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

Note 8 Pension Plans (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LSERS:		
Fixed income	26.0%	.92%
Equity	39.0%	2.82%
Alternatives	23.0%	1.95%
Real estate	12.0%	.69%
	100.0%	6.38%
Inflation		2.00%
Expected Arithmetic Nominal Return		8.38%

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

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

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

	1% Decrease	**Current Discount Rate**	**1% Increase**
TRSL (current rate 7.45%)	$2,482,780	$1,901,908	$1,412,927
LSERS (current rate 7.00%)	414,113	316,152	232,371

Note 8 Pension Plans (Continued)

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, 2020, the Center recognized revenue as a result of support received from non-employer contributing entities of $7,378 for its participation in TRSL.

Note 9 Commitments and Contingencies

Intergovernmental awards and interagency fees received are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, those revenues may be required to be repaid to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

Note 10 Risk Management

LIABILITY INSURANCE:
The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and is only liable for the payment of the deductible associated with the above types of risks.

HEALTH INSURANCE
The Center provides health and life insurance to employees by funding 80% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid by withholding allowances from the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums. Settlements have not exceeded insurance coverage in any of the three proceeding years.

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

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

Note 12 Subsequent Events

Pandemic – In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that had and may have a significant impact on the operating activities of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTAL INFORMATION

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final*	Actual	Variance - Favorable (Unfavorable)
REVENUES:				
Ad Valorem Taxes	$ 600,000	$ 600,000	$ 579,431	($20,569)
Intergovernmental:				
State Revenue Sharing	51,000	51,000	50,855	(145)
Federal DOTD 53-10 Grant	37,400	37,400	40,369	2,969
HHS Stimulus CARES	-	-	31,775	31,775
Adult Services Income	755,000	755,000	425,253	(329,747)
Cafeteria Services	28,000	28,000	5,937	(22,063)
Transportation Services	70,000	70,000	38,853	(31,147)
Residential Services	419,000	419,000	363,248	(55,752)
Community Services	5,000	5,000	1,000	(4,000)
Donations-Restricted	1,000	1,000	5,770	4,770
Interest and Dividends	180,000	180,000	80,194	(99,806)
Miscellaneous	3,600	3,600	21,182	17,582
Total Revenues	2,150,000	2,150,000	1,643,867	(506,133)
EXPENDITURES:				
Current:				
Administrative	678,193	678,193	563,306	114,887
Maintenance	567,398	567,398	283,398	284,000
Adult Instruction	980,206	980,206	742,308	237,898
School Lunch Program	243,222	243,222	125,610	117,612
Transportation Services	231,134	231,134	127,503	103,631
Residential Services	405,931	405,931	334,524	71,407
Community Services	52,071	52,071	49,958	2,113
Total Current	3,158,155	3,158,155	2,226,607	931,548
Capital Outlay	-	-	155,506	(155,506)
Total Expenditures	3,158,155	3,158,155	2,382,113	776,042
NET CHANGE IN FUND BALANCE	(1,008,155)	(1,008,155)	(738,246)	269,909
FUND BALANCE:				
Beginning of year	6,487,548	6,487,548	6,487,548	-
End of year	$ 5,479,393	$ 5,479,393	$ 5,749,302	$ 269,909

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

Last Ten Fiscal Years*							
For fiscal year ended	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**	**June 30, 2021**
Measurement Date	**June 30, 2014**	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:							
Proportion of the net pension liability	0.022150%	0.020690%	0.019890%	0.019460%	0.019750%	0.017710%	0.017100%
Proportionate share of the net pension liability	$ 2,264,354	$ 2,224,646	$ 2,334,369	$ 1,994,913	$ 1,941,230	$ 1,757,655	$ 1,901,908
Covered employee payroll	$ 913,862	$ 912,146	$ 883,345	$ 847,915	$ 800,014	$ 855,810	$ 818,933
Proportionate share of the net pension liability as a percentage of its covered employee payroll	247.78%	243.89%	264.26%	235.27%	242.65%	205.38%	232.24%
Plan fiduciary net position as a percentage of the total pension liability	63.7%	62.5%	59.9%	65.6%	68.6%	68.6%	65.6%
SCHEDULE OF CONTRIBUTIONS:							
Contractually required contribution	$ 254,281	$ 234,998	$ 214,455	$ 226,850	$ 225,853	$ 211,598	$ 209,284
Contributions paid	(254,281)	(234,998)	(214,455)	(226,850)	(225,853)	(211,625)	(197,396)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (27)	$ 11,888
Covered employee payroll	913,862	912,146	883,345	847,915	800,014	855,810	818,933
Contribution as a percentage of covered employee payroll	26.30%	26.30%	24.28%	26.75%	28.23%	24.72%	25.56%

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

Notes to Required Supplementary Information
Changes of Benefit Terms include:

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

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

For fiscal year ended	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**	**June 30, 2021**
Measurement Date	**June 30, 2014**	**June 30, 2015**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2019**	**June 30, 2020**
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:							
Proportion of the net pension liability	0.022300%	0.028320%	0.038823%	3.729100%	0.041163%	0.041733%	0.039349%
Proportionate share of the net pension liability	$ 129,536	$ 179,585	$ 292,860	$ 238,635	$ 275,025	$ 292,157	$ 316,152
Covered employee payroll	$ 62,685	$ 83,318	$ 110,271	$ 105,863	$ 109,284	$ 112,525	$ 115,514
Proportionate share of the net pension liability as a percentage of its covered employee payroll	206.65%	215.54%	265.58%	225.42%	251.66%	259.64%	273.69%
Plan fiduciary net position as a percentage of the total pension liability	76.18%	74.49%	70.09%	74.44%	73.49%	73.49%	69.67%
SCHEDULE OF CONTRIBUTIONS:							
Contractually required contribution	$ 27,495	$ 33,301	$ 29,143	$ 29,143	$ 32,771	$ 33,997	$ 34,599
Contributions paid	(27,495)	(33,301)	(29,143)	(29,143)	(32,771)	(33,997)	(34,665)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (66)
Covered employee payroll	$ 62,685	$ 83,318	$ 110,271	$ 105,863	$ 109,284	$ 112,525	$ 115,514
Contribution as a percentage of covered employee payroll	43.86%	39.97%	26.43%	27.53%	29.99%	30.21%	29.95%

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

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

OTHER SUPPLEMENTARY INFORMATION

Special Education District No. 1

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

Agency Head Name: Torie T. Lee, Executive Director

Purpose	Amount
Salary (state, parish & local)	$82,979
Benefits - insurance	$189
Benefits - retirement	$21,409
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

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, 2021, 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 9, 2021.

Internal Control Over Financial Reporting

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

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

207 LAFAYE AVENUE • THIBODAUX, LA 70301 (985) 447-7226
13110 Hwy. 90 (PO Box 524) • BOUTTE, LA 70039 (985) 785-2928
FIRMWIDE FAX (985) 446-3032
EMAIL: STAGNI@STAGNI.COM
MEMBERS: AICPA • LCPA

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this report

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

Stagni & Company

Thibodaux, Louisiana
December 9, 2021