

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

***Annual Financial Report***

***June 30, 2019***

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
*Annual Financial Report  
June 30, 2019*

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**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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.

**SPECIAL EDUCATION DISTRICT # 1  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

***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 \$995,089 or 13% as a result of this year's operations.
- Total expenses for program activities were \$2.5 million for the year, which was \$1.2 million more than generated from charges for services and the grants and contributions received for these activities. General revenues were \$280,410 – a significant decrease of \$2.8 million due to no ad valorem taxes levied for the current year. The cost of all of the programs decreased by \$534,341, or approximately 17%. The program revenues decreased by \$121,651 or 9%.
- The governmental funds reported a total ending fund equity of \$7.3 million. Fund balance for governmental activities decreased by \$1.3 million from the prior year ending fund balance, also mainly due to the decrease in ad valorem taxes.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**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:

	2019	2018	Dollar Change
Current and Other Assets	\$ 7,316,602	\$ 8,431,531	\$(1,114,929)
Capital Assets	1,373,437	1,433,534	(60,097)
<b>Total Assets</b>	<b>8,690,039</b>	<b>9,865,065</b>	<b>(1,175,026)</b>
<b>Deferred outflows of resources</b>	<b>418,700</b>	<b>337,291</b>	<b>81,409</b>
Current Liabilities	47,331	115,735	(68,404)
Long Term Liabilities	2,232,210	2,272,377	(40,167)
<b>Total Liabilities</b>	<b>2,279,541</b>	<b>2,388,112</b>	<b>(108,571)</b>
<b>Deferred inflows of resources</b>	<b>200,126</b>	<b>190,083</b>	<b>10,043</b>
Net Investment in Capital Assets	1,373,437	1,433,534	(60,097)
Restricted	7,522	7,870	(348)
Unrestricted	5,248,113	6,182,757	(934,644)
<b>Total Net Position</b>	<b>\$ 6,629,072</b>	<b>\$ 7,624,161</b>	<b>\$ (995,089)</b>

Net position decreased by \$995,089 or 13% 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 – decreased accordingly. Net Investment in Capital Assets decreased slightly by \$60,097 due to depreciation in excess of purchased assets. The balance in net assets represents the accumulated results of all past years' operations.

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018	Dollar Change
<b>Program Revenues:</b>			
Charges for Services	\$ 1,205,737	\$ 1,245,347	(39,610)
Operating Grants and Contributions	52,675	135,458	(82,783)
Capital Grants and Contributions	6,992	6,250	742
<b>Total program revenues</b>	<b>1,265,404</b>	<b>1,387,055</b>	<b>(121,651)</b>
<b>Program Expenses:</b>			
Current	2,540,903	3,075,244	(534,341)
<b>Total program expenses</b>	<b>2,540,903</b>	<b>3,075,244</b>	<b>(534,341)</b>
<b>Net program income</b>	<b>(1,275,499)</b>	<b>(1,688,189)</b>	<b>(412,690)</b>
General revenues	280,410	3,038,584	(2,758,174)
<b>Change in Net Position</b>	<b>(995,089)</b>	<b>1,350,395</b>	<b>(2,345,484)</b>
<b>Net Position:</b>			
Beginning of the year	7,624,161	6,273,766	1,350,395
End of the year	\$ 6,629,072	\$ 7,624,161	\$ (995,089)

Total revenues received for the year were \$1,545,814 (\$1,265,404 in program revenues and \$280,410 in general revenues). This reflected a substantial decrease of \$2.9 million 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 decreased by \$534,341 from the prior year which is approximately an 17% decrease.

**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 an ending fund balance of \$7,295,817. This reflected a decrease of \$1,253,638 or 15%. 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 \$7,288,295 (99%) and fund balance restricted for client activities totaled \$7,522 (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

**SPECIAL EDUCATION DISTRICT # 1  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

Fund expenditures totaled \$2,799,452 – a slight increase from the prior year, including \$172,419 in capital outlay in the current fiscal year. Unassigned fund balance equaled 260% of total General Fund expenditures.

The fund balance of the General Fund decreased by \$1,253,638 during the current fiscal year. This decrease is due mainly to a decrease in ad valorem taxes (\$2,805,718).

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$1,346,063
<b>Amendments were made for:</b>	
Increased Ad Valorem taxes-prior year collection	68,899
Decreased Intergovernmental revenue	(29,597)
Increased fees for services	40,000
Increased Interest and Miscellaneous	110,879
<b>Total revenue amendments</b>	<b>190,181</b>
Amended Budgeted Revenues	\$1,536,244
Original Budgeted Expenditures	\$2,765,511
<b>Amendments were made for:</b>	
Decreased current expenditures	(14,907)
<b>Total expenditure amendments</b>	<b>(14,907)</b>
Amended Budgeted Expenditures	\$2,750,604

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

**SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSETS**

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

	<u>2019</u>	<u>2018</u>
Land	\$ 93,612	\$ 93,612
Project in progress	50,889	-
Buildings and Improvements	4,030,052	4,036,556
Furniture and Equipment	467,982	417,928
Buses and Vans	552,146	604,938
Total Cost	<u>5,194,681</u>	<u>5,153,034</u>
Accumulated Depreciation	<u>3,821,244</u>	<u>3,719,500</u>
Net Capital Assets	<u>\$ 1,373,437</u>	<u>\$ 1,433,534</u>
Depreciation Expense	<u>\$ 230,566</u>	<u>\$ 221,270</u>

This year there was \$172,419 of additions, including \$50,889 for the generator project expected to be complete the next fiscal year, \$130,773 disposals, 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 \$29,360 and Net Pension Liability of \$2,229,396. 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	\$ 7,093,938
Projected Revenue	2,093,861
Projected Expenditures	<u>(3,390,716)</u>
Ending Fund Balance	<u>\$ 5,797,083</u>

***SPECIAL EDUCATION DISTRICT # 1  
OF THE PARISH OF LAFOURCHE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019***

The Board approved the recommendation of the Finance Committee and adopted the budget on April 18, 2019. The 2019-2020 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

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## 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, 2019, 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, 2019, 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 13, 2019, 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 13, 2019



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

Statement of Net Position  
June 30, 2019

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 6,148,370
Investments	1,031,789
Receivables:	
Due from other agencies	95,789
Accounts	1,662
Inventory	38,992
Capital Assets, Net of Accumulated Depreciation	1,373,437
<b>TOTAL ASSETS</b>	<b>8,690,039</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows of resources - contributions	259,850
Deferred outflows of resources - other	158,850
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>418,700</b>
 <b>LIABILITIES</b>	
Accounts, salaries, and other payables	20,785
Compensated absences payable - current	26,546
<b>TOTAL CURRENT LIABILITIES</b>	47,331
Compensated absences payable - long term	2,814
Net pension liability	2,229,396
<b>TOTAL LIABILITIES</b>	<b>2,279,541</b>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows of resources	200,126
 <b>NET POSITION</b>	
Net Invested in capital assets	1,373,437
Restricted for client activities	7,522
Unrestricted	5,248,113
<b>TOTAL NET POSITION</b>	<b>\$ 6,629,072</b>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Statement of Activities

For the Year Ended June 30, 2019

	<u>Program Revenues:</u>				Net (Expenses)/ Revenue
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
<b>Governmental Activities:</b>					
Adult Instruction	\$ 729,050	\$ 749,646	\$ -	\$ 6,992	\$27,588
Administrative	491,886	-	-	-	(491,886)
Maintenance	426,392	-	-	-	(426,392)
Cafeteria	182,816	26,876	-	-	(155,940)
Transportation	245,780	53,890	52,675	-	(139,215)
Residential	422,244	375,325	-	-	(46,919)
Community Services	42,735	-	-	-	(42,735)
<b>Total Governmental Activities</b>	<u>\$ 2,540,903</u>	<u>\$ 1,205,737</u>	<u>\$ 52,675</u>	<u>\$ 6,992</u>	<u>(1,275,499)</u>
<b>General Revenues:</b>					
Ad Valorem Taxes					68,899
State Revenue Sharing					50,961
Interest and Dividends					158,276
Miscellaneous					2,274
					<u>280,410</u>
					<b>(995,089)</b>
					<b>Change in Net Position</b>
<b>Net Position:</b>					
Beginning of year					7,624,161
End of year					<u>\$ 6,629,072</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Balance Sheet - Governmental Funds  
June 30, 2019

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	\$ 6,148,370
Investments	1,031,789
Receivables:	
Due from other agencies	95,789
Accounts	1,662
Inventory	38,992
TOTAL ASSETS	\$ 7,316,602
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 9,440
Contracts and retainage payable	11,345
TOTAL LIABILITIES	20,785
<b>FUND EQUITY</b>	
Restricted for client activities	7,522
Unassigned	7,288,295
TOTAL FUND EQUITY	7,295,817
 TOTAL LIABILITIES AND FUND EQUITY	\$ 7,316,602
 <b>Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position</b>	
<b>Total fund balances - governmental funds</b>	\$ 7,295,817
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	\$ 5,194,681
Accumulated Depreciation	(3,821,244)
	1,373,437
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	(26,546)
Compensated absences - long-term	(2,814)
Net pension liability	(2,229,396)
	(2,258,756)
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	259,850
Deferred outflows of resources - other	158,850
Deferred inflows of resources related to pensions	(200,126)
	218,574
 <b>Net position of governmental activities</b>	\$ 6,629,072

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, 2019

	<u>General Fund</u>
<b>REVENUES</b>	
Ad Valorem Taxes	\$ 68,899
State Revenue Sharing	50,961
Adult Services Income	642,616
Cafeteria Services	26,876
Transportation Services	53,890
Residential Services	420,249
Intergovernmental Revenue	107,030
Donations	6,992
Interest and Dividends	158,276
Sale of Asset	7,751
Miscellaneous	2,274
	<u>1,545,814</u>
<b>EXPENDITURES</b>	
Current:	
Administrative	613,567
Maintenance	288,456
Adult Instruction	903,136
Cafeteria	176,861
Transportation	180,034
Residential	422,244
Community Services	42,735
<b>Total Current</b>	<u>2,627,033</u>
Capital Outlay	172,419
<b>Total Expenditures</b>	<u>2,799,452</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,253,638)
<b>FUND BALANCE</b>	
Beginning of year	8,549,455
End of year	<u><u>\$ 7,295,817</u></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, 2019

**Net change in fund balances - governmental funds** **\$ (1,253,638)**

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	\$ 172,419	
Adjustment for disposal of assets	(1,950)	
Depreciation expense		
Adult Instruction	(15,722)	
General & Administrative	(5,207)	
Plant Maintenance & Operations	(137,936)	
Cafeteria Services	(5,955)	
Transportation Services	(65,746)	
	(230,566)	(60,097)

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

Decrease in reclassing of Prepaid Insurance	(42,742)
Adjustment of beginning balances	804,910

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	(40,542)	
Increase (Decrease) in deferred outflows	(19,761)	
(Increase) Decrease in deferred inflows	10,043	(50,260)

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	6,738
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**Change in net position of governmental activities** **\$ (995,089)**

See notes to financial statements.

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

**Notes to the Financial Statements**

June 30, 2019

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.

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**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.

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**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  
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June 30, 2019

**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, 2019

**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. 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.

**SPECIAL EDUCATION DISTRICT #1  
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**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:

<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.

*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).

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

**Notes to the Financial Statements**

June 30, 2019

**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.

**SPECIAL EDUCATION DISTRICT #1  
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June 30, 2019

**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 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, 2018) with regards to GASB 68. These employer contributions from July 2018-June 2019 were \$259,850. 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.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2019

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

*N.      Deferred Outflows/Inflows of Resources (continued)*

- 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, 2018 (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 deferral for other pension was \$158,850 for the current measurement period.

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. The Center's deferred inflow line item relates to the implementation of GASB 68. The deferred inflow of \$200,126 is for the 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.

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

**Notes to the Financial Statements**

June 30, 2019

**Note 3      *Ad Valorem Taxes***

For the year ended June 30, 2018, taxes of 4.90 mills was levied on property valued as of January 1, 2017 located in Ward 10 of the Parish of Lafourche. For the year ended June 30, 2019, no mills 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. All taxes collected and recorded in this fiscal year (\$66,899) were for delinquent taxes collected from the prior year.

**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, 2019, the carrying amount of deposits was \$6,148,370 and the bank balance was \$6,263,783. 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, \$5,513,783 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 \$6,595,687 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.

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

Notes to the Financial Statements

June 30, 2019

**Note 4      Deposits and Investments (Continued)**

**Investments**

The Center's investments consist of \$1,031,789 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, 2019, 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 \$95,789 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	Amount
Medicaid	\$ 78,111
Res-Care, Inc.	\$ 4,554
OCDD	\$ 12,810
Res-Care, Inc.-Meals	\$ 314

**SPECIAL EDUCATION DISTRICT #1  
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June 30, 2019

**Note 5 Revenue/Receivables from Other Agencies (continued)**

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
<b>Capital Assets, not being depreciated</b>				
Land	\$93,612	\$ -	\$ -	\$93,612
Construction in Progress	-	50,889	-	50,889
<b>Total Capital Assets, not being depreciated</b>	<b>93,612</b>	<b>50,889</b>	<b>-</b>	<b>144,501</b>
<b>Capital Assets, being depreciated</b>				
Buildings and Improvements	4,036,556	-	(6,504)	4,030,052
Furniture and Equipment	417,928	60,635	(10,581)	467,982
Buses and Vans	604,938	60,896	(113,688)	552,146
<b>Total capital assets, being depreciated</b>	<b>5,059,422</b>	<b>121,531</b>	<b>(130,773)</b>	<b>5,050,180</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	2,964,236	137,936	(4,552)	3,097,619
Furniture and Equipment	334,985	26,884	(10,581)	351,288
Buses and Vans	420,279	65,746	(113,688)	372,337
<b>Total Accumulated Depreciation</b>	<b>3,719,500</b>	<b>230,566</b>	<b>(128,822)</b>	<b>3,821,244</b>
<b>Capital Assets, being depreciated, net</b>	<b>\$1,339,922</b>			<b>1,228,936</b>
<b>Total Net Capital Assets, net</b>	<b>\$1,433,534</b>			<b>\$1,373,437</b>

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2019

**Note 6      Capital Assets (continued)**

Depreciation expense of \$230,566 was charged to the following governmental functions:

Adult instruction	\$15,722
Transportation services	65,746
Physical plant and insurance	137,936
General and administrative	5,207
Cafeteria services	<u>5,955</u>
Total	<u>\$230,566</u>

Total capital asset additions were \$172,419, including \$50,889 in construction in progress and there were dispositions of \$130,773 for the year.

**Note 7      Long-Term Obligations**

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2018	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2019	CURRENT	LONG-TERM
Compensated absences	\$ 36,098	\$ 45,853	\$ 52,591	\$ 29,360	\$ 26,546	\$ 2,814
Net Pension Liability (see Note 8)	\$2,269,938	\$183,314	\$ 223,856	\$2,229,396		\$2,229,396

**SPECIAL EDUCATION DISTRICT #1  
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June 30, 2019

**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](http://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.

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

Notes to the Financial Statements

June 30, 2019

**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.

**SPECIAL EDUCATION DISTRICT #1  
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**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.

**SPECIAL EDUCATION DISTRICT #1  
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Notes to the Financial Statements  
June 30, 2019

**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, 2018 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%	28.2%

The Center's contractually required composite contribution rate for the year ended June 30, 2018 was 26.6% 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 \$223,393 for the year ended June 30, 2018.

**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](http://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.

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

Notes to the Financial Statements

June 30, 2019

**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 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.

• **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.

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

Notes to the Financial Statements

June 30, 2019

**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, 2018, the employer contribution rate contribution rate was 27.6%, and the employee contribution rate was 7.5%, based on initial participation date.

The contractually required composite contribution rate for the year ended June 30, 2018 was 27.6% 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 \$32,771 for the year ended June 30, 2018.

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

As of June 30, 2018 the Center reported the proportionate shares of the net pension liability of the Plans, as follows:

<u>Plan</u>	<u>Proportionate share of net pension liability</u>
TRSL	\$ 1,941,230
LSERS	<u>288,166</u>
Total	<u>\$ 2,229,396</u>

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2019

**Note 8 Pension Plans (Continued)**

The net pension liability was measured as of June 30, 2017, 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:

<u>Plan</u>	<u>Proportionate share</u>	
	<u>6/30/18</u>	<u>6/30/17</u>
TRSL	.019890%	.019460%
LSERS	.041163%	.037291%

For the year ended June 30, 2018, the pension expense was recognized as follows:

<u>Plan</u>	<u>Pension expense</u>
TRSL	\$ 128,292
LSERS	<u>55,022</u>
Total	<u>\$ 183,314</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 assumption	\$ 124,730	\$ -
Differences between expected and actual experience	-	(63,948)
Net difference between projected and actual earnings on pension plan investments		(125,109)
Contributions subsequent to the measurement date	<u>225,853</u>	<u>-</u>
	<u>\$ 350,583</u>	<u>(\$189,057)</u>

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

Notes to the Financial Statements

June 30, 2019

**Note 8 Pension Plans (Continued)**

**Louisiana School Employees Retirement System**

Plan/Description	Deferred outflows of resources	Deferred inflows of resources
Changes in proportion	\$ 17,073	\$ (3,480)
Differences between expected and actual experience	-	(7,589)
Net difference between projected and actual earnings on pension plan investments	5,461	-
Changes in assumptions	11,586	
Contributions subsequent to the measurement date	33,997	-
	<u>\$ 68,117</u>	<u>(\$11,069)</u>

**All Retirement Systems**

Plan/Description	Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	\$ 136,316	\$ -
Changes in proportion	17,073	(3,480)
Differences between expected and actual experience	-	(71,537)
Net difference between projected and actual earnings on pension plan investments	5,461	(125,109)
Contributions subsequent to the measurement date	259,850	-
	<u>\$ 418,700</u>	<u>(\$200,126)</u>

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Notes to the Financial Statements

June 30, 2019

**Note 8 Pension Plans (Continued)**

Year ended June 30:	
2018	\$ 32,291
2019	\$ (4,519)
2020	\$ (66,296)
2021	\$ (2,751)

Actuarial assumptions:

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Plan	TRSL	LSERS
Inflation	2.50%	2.50%
Discount rate used To measure pension liability	7.70%	7.00%
Salary increases	3.5%-10%, varies by duration of service	Varies based on years of service
Investment rate of return	7.70% 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

Actuarial assumptions used in the June 30, 2018 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.

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2019

**Note 8          Pension Plans (Continued)**

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.

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. There rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2018, are summarized in the following tables:

**SPECIAL EDUCATION DISTRICT #1  
OF THE PARISH OF LAFOURCHE**  
Notes to the Financial Statements  
June 30, 2019

**Note 8 Pension Plans (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TRSL:		
Domestic equity	27.0%	4.01%
International equity	19.0%	4.90%
Domestic fixed income	13.0%	1.36%
International fixed income	5.5%	2.35%
Private Equity	25.5%	8.39%
Other Private Assets	10.0%	3.57%

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LSERS:		
Fixed income	30.0%	1.68%
Equity	51.0%	6.15%
Alternatives	13.0%	10.28%
Real assets	6.0%	5.67%

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:

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

Notes to the Financial Statements

June 30, 2019

**Note 8 Pension Plans (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
TRSL (current rate 7.55%)	\$2,571,660	\$1,941,230	\$1,409,430
LSERS (current rate 7.00%)	390,523	288,166	200,666

**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, 2018, the Center recognized revenue as a result of support received from non-employer contributing entities of \$7,812 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.

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

Notes to the Financial Statements

June 30, 2019

**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**

During the year ended June 30, 2019 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, 2019

	Budgeted Amounts		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ -	\$ 68,899	\$ 68,899	\$ -
Intergovernmental:				
State Revenue Sharing	51,000	50,691	50,961	270
Federal DOTD 53-10 Grant	46,963	52,675	52,675	-
Client Services - OCDD Individual Contracts	35,000	-	54,355	54,355
Adult Services Income	655,000	686,000	642,616	(43,384)
Cafeteria Services	28,000	27,000	26,876	(124)
Transportation Services	58,000	54,000	53,890	(110)
Residential Services	404,000	423,000	420,249	(2,751)
Community Services	5,000	-	-	-
Donations	1,000	4,991	6,992	2,001
Interest and Dividends	60,000	158,350	158,276	(74)
Sale of Fixed Assets	-	-	7,751	7,751
Miscellaneous	2,100	10,638	2,274	(8,364)
<b>Total Revenues</b>	<u>1,346,063</u>	<u>1,536,244</u>	<u>1,545,814</u>	<u>9,570</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative	629,226	562,380	613,567	(51,187)
Maintenance	263,206	342,283	288,456	53,827
Adult Instruction	934,655	920,511	903,136	17,375
Cafeteria Services	237,461	215,628	176,861	38,767
Transportation Services	233,572	243,288	180,034	63,254
Residential Services	423,993	422,603	422,244	359
Community Services	43,398	43,911	42,735	1,176
<b>Total Current</b>	<u>2,765,511</u>	<u>2,750,604</u>	<u>2,627,033</u>	<u>123,571</u>
Capital Outlay	-	-	172,419	(172,419)
<b>Total Expenditures</b>	<u>2,765,511</u>	<u>2,750,604</u>	<u>2,799,452</u>	<u>(48,848)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,419,448)	(1,214,360)	(1,253,638)	(39,278)
<b>FUND BALANCE:</b>				
Beginning of year	8,824,971	8,549,455	8,549,455	-
End of year	<u>\$ 7,405,523</u>	<u>\$ 7,335,095</u>	<u>\$ 7,295,817</u>	<u>\$ (39,278)</u>

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

For fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:</b>					
Proportion of the net pension liability	0.022150%	0.020690%	0.019890%	0.019460%	0.019750%
Proportionate share of the net pension liability	\$ 2,264,354	\$ 2,224,646	\$ 2,334,369	\$ 1,994,913	\$ 1,941,230
Covered employee payroll	\$ 913,862	\$ 912,146	\$ 883,345	\$ 1,076,649	\$ 1,091,017
Proportionate share of the net pension liability as a percentage of its covered employee payroll	247.78%	243.89%	264.26%	185.29%	177.93%
Plan fiduciary net position as a percentage of the total pension liability	63.7%	62.5%	59.9%	65.6%	68.6%
<b>SCHEDULE OF CONTRIBUTIONS:</b>					
Contractually required contribution	\$ 254,281	\$ 234,998	\$ 214,455	\$ 226,850	\$ 225,853
Contributions paid	(254,281)	(234,998)	(214,455)	(226,850)	(225,853)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	913,862	912,146	883,345	1,076,649	1,091,017
Contribution as a percentage of covered employee payroll	26.30%	26.30%	24.28%	21.07%	20.70%
*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.					
<b>Notes to Required Supplementary Information</b>					
<i>Changes of Benefit Terms include:</i>					
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
<i>Changes of Assumptions</i>					
Actuarial cost method	Entry Age Normal 5 years				
Expected Remaining Service Lives	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
Investment rate of return	2.500%	2.500%	2.500%	2.5% per annum	2.5% per annum
Inflation rate	3.50%-10.0% varies depending on duration of service				
Projected salary increases	None	None	None	None	None
Cost-of-living adjustments	7.75%	7.75%	7.75%	7.70%	7.65%
Discount rate					

**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
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:</b>					
Proportion of the net pension liability	0.022300%	0.028320%	0.038823%	3.729100%	0.041163%
Proportionate share of the net pension liability	\$ 129,536	\$ 179,585	\$ 292,860	\$ 238,635	\$ 275,025
Covered employee payroll	\$ 62,685	\$ 83,318	\$ 110,271	\$ 105,863	\$ 109,284
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%
Plan fiduciary net position as a percentage of the total pension liability	76.18%	74.49%	70.09%	74.44%	73.49%
<b>SCHEDULE OF CONTRIBUTIONS:</b>					
Contractually required contribution	\$ 27,495	\$ 33,301	\$ 29,143	\$ 29,143	\$ 32,771
Contributions paid	(27,495)	(33,301)	(29,143)	(29,143)	(32,771)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered employee payroll	\$ 62,685	\$ 83,318	\$ 110,271	\$ 105,863	\$ 109,284
Contribution as a percentage of covered employee payroll	43.86%	39.97%	26.43%	27.53%	29.99%

\*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

*Changes of Assumptions*

Actuarial cost method	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
Investment rate of return	7.25%	7.00%	7.125%	7.1250%	7.0000%
Inflation rate	3.00%	2.75%	2.625%	2.625% 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%
Cost-of-living adjustments	None	None	None	None	None
Discount rate	7.25%	7.00%	7.125%	7.70%	7.70%

***OTHER SUPPLEMENTARY  
INFORMATION***

### Special Education District No. 1

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2019

Agency Head Name: Torie T. Lee, Executive Director

Purpose	Amount
Salary (state, parish & local)	\$78,216
Benefits - insurance	\$123
Benefits - retirement	\$20,884
Car Allowance	\$0
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$16
Registration fees	\$0
Conference travel	\$0
Continuing professional education fees	\$199
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$13
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

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**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, 2019, 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 13, 2019.

### **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 13, 2019



***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, 2019***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## AGREED-UPON PROCEDURES REPORT Special Education District #1 of Parish of Lafourche

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

For the Period July 1, 2018 – June 30, 2019

To the Board of Commissioners of the  
Special Education District #1 of the Parish of Lafourche and  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Special Education District #1 of the Parish of Lafourche (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, 2018 through June 30, 2019. 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 results are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processed, and tools needed to recover operations after a critical event.

**Results:** *The policies of the District address all of the functions listed; no exceptions noted.*

### **Board or Finance Committee**

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- 2. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.



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

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Collections***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.



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

**Results:** *We obtained a listing of collection locations for the deposit sites and management's representation that the listing is complete. While testing 5b, 5c and 5d, no exceptions were noted. While testing 5a, it was noted that there are shared cash boxes. Management's response was that the employees were following policy and there were compensating controls in place. No exceptions were noted.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Results:** *We obtained management's representation that all employees who have access to cash are covered by a bond or insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** *All criteria tested was met except for 5)(c). Some collections, recordings and deposits are made by the same person.*

**Management's Response:** *Due to the small size of the department, this is necessary. There are compensating controls in place.*

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:



- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating



control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.



**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Ethics***

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



**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** *The District did not have exceptions in this category in Year 2 (June 30, 2019), therefore was excluded from testing in Year 3 (June 30, 2019).*

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

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

*Stagni & Company*

Thibodaux, LA  
December 13, 2019



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STAGNI & COMPANY, LLC

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