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

Annual Financial Report

June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/26/08



STAGNI & COMPANY, LLC

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
*Annual Financial Report
June 30, 2008*

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**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008. 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 Assets 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

One of the most important questions asked about finances is, "Is The Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about The Center as a whole and about its activities in a way that helps answer this question. 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 assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

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 only 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 Assets 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 assets of our governmental activities decreased by \$7,845 or less than one percent as a result of this year's operations.
- Total expenses for program activities were \$1,549,929 for the year, which was \$7,845 more than the \$763,942 generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues from property taxes collected and investment earnings of \$778,142 that resulted in a net decrease in assets of \$7,845.
- The cost of all of the programs increased by \$208,212, or approximately 15.5 percent. The charges for services and the grants and contributions received for these activities increased by \$96,638 or 14 percent.
- The governmental funds reported a total ending fund balance of \$4,065,013. Fund balance for governmental activities increased by \$26,868 from the prior year ending fund balance of \$4,038,145.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

The Statement of Net Assets 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 assets of the governmental-type activities:

Condensed Statement of Net Assets				
	2008	2007	Dollar Change	Total Percent Change
Current and Other Assets	\$ 4,194,370	\$ 4,249,512	\$ (55,142)	-1.3%
Capital Assets	1,270,866	1,293,720	(22,854)	-1.8%
Total Assets	<u>5,465,236</u>	<u>5,543,232</u>	<u>(77,996)</u>	<u>-1.4%</u>
Current Liabilities	78,523	156,908	(78,385)	-50.0%
Long Term Liabilities	87,724	79,490	8,234	10.4%
Total Liabilities	<u>166,247</u>	<u>236,398</u>	<u>(70,151)</u>	<u>-29.7%</u>
Invested in Capital Assets	1,270,866	1,293,720	(22,854)	-1.8%
Restricted	478,243	460,666	17,577	3.8%
Unrestricted	3,549,880	3,552,448	(2,568)	-0.1%
Total Net Assets	<u>\$ 5,298,989</u>	<u>\$ 5,306,834</u>	<u>\$ (7,845)</u>	<u>-0.1%</u>

Net assets decreased by \$7,845 as a result of this year's operations. The overall financial position decreased during the year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed most of the decrease. 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, 2008**

Condensed Statement of Activities

	2008	2007	Dollar Change	Total Percent Change
Charges for Services	\$ 705,864	\$ 597,626	108,238	18.1%
Operating Grants and Contributions	58,078	69,678	(11,600)	-16.6%
Program Expenses:				
Current	1,549,929	1,341,719	208,210	15.5%
Net program income	<u>(785,987)</u>	<u>(674,415)</u>	111,572	16.5%
General revenues	778,142	539,377	238,765	44.3%
Change in Net Assets	<u>(7,845)</u>	<u>(135,038)</u>	127,193	60.8%
Net Assets:				
Beginning of the year	5,306,834	5,441,872	(135,038)	-2.5%
End of the year	<u>\$ 5,298,989</u>	<u>\$ 5,306,834</u>	<u>\$ (7,845)</u>	<u>-0.1%</u>

Total revenues received for the year were \$1,542,084 (\$705,864 in charges for services, \$58,078 in operating and grant contributions and \$778,142 in general revenues). This reflected an increase of \$335,403 or approximately 27 percent from the prior year. The total cost of all instructional and support services, \$1,402,769, (Current less depreciation of \$147,160 that is allocated to all functions) increased by \$194,161 from the prior year which is approximately a 16 percent increase.

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

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

Governmental funds reported a combined fund balance of \$4,065,013. This reflected an increase of \$26,868. This increase is primarily the result of the events and programs described within the analysis of its governmental activities.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

Unreserved fund balance, which is the portion of fund balance available for funding future operational needs, totaled \$3,586,770 (88.2%). Reserved fund balance, which is the portion of fund balance that is not available for new spending, totaled \$478,243 (11.7%). Reserved fund balance has already been committed as follows: (1) \$15,858 to pay debt service (2) \$6,015 for specific client activities and (3) \$456,370 to fund future capital improvements.

Major Governmental Funds. If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The Center reported one major fund during the current fiscal year.

- The General Fund is the chief operating fund. At the end of the current fiscal year, fund balance totaled \$4,049,155, of which \$3,586,770 (89%) was unreserved.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$1,530,926 in the current fiscal year. Unreserved fund balance equaled 234% of total General Fund expenditures, while total fund balance equaled 264% of that same amount.

The fund balance of the General Fund increased by \$26,789 during the current fiscal year. This increase as compared to the prior fiscal year is due to (1) an increase in ad valorem taxes (\$340,000), adult service income (\$53,000), and residential income (\$40,000), whereas interest and dividend income decreased by \$112,000 causing an overall increase in revenues of approximately \$350,000, (2) expenditures also increased by approximately \$216,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised to reflect a net increase of \$45,379 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

Increase (Decrease) due to:	Budgeted Amounts		Increase (Decrease)
	Original	Final	
REVENUES:			
Property taxes assessed increased	\$ 544,000	\$ 623,817	\$79,817
Actual State Revenue Sharing increased	49,131	51,898	2,767
Decrease in interest rates.	200,000	94,300	(105,700)
Adult Services - increase in qualifying clients/programs -	503,000	563,300	60,300
Actual Cafeteria Program revenue increased	20,000	22,000	2,000
Transportation Revenues - due to increase in service	20,000	23,000	3,000
Residential Services increase in clients/program	35,000	61,000	26,000
Community Services due to increase in the program	5,000	18,000	13,000
Intergovernmental - DOTD grant not expected	24,780	56,628	31,848
Donations	1,000	1,000	-
Miscellaneous	100	100	-
Income from sale of fixed assets - unexpected disposal of the van	-	22,800	22,800
Total Revenues	1,402,011	1,537,843	135,832
EXPENDITURES:			
District and School Administration, due to shift in line items	343,498	337,289	(6,209)
Adult Instruction increase in salaries for wage pass-thru, increased client wages, and increased costs for services	452,268	504,985	52,717
Cafeteria Services decrease in part-time salaries	119,054	113,952	(5,102)
Transportation Services increase in salaries	115,080	125,413	10,333
Community Services	44,607	44,781	174
Residential Services due to increase in direct service salaries because on increases in program services	75,572	101,744	26,172
Physical Plant due mainly to decrease in utilities	170,600	163,600	(7,000)
Total Current	1,320,679	1,391,764	71,085
Capital Outlay due to reallocating project costs	122,436	142,596	20,160
Total Expenditures	1,443,115	1,534,360	91,245
Net Change in Fund Balance	(41,104)	3,483	44,587
FUND BALANCE:			
Beginning	4,021,574	4,022,366	792
Ending	\$3,980,470	\$4,025,849	45,379

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2008 and 2007 was \$1,270,866 and \$1,293,720 respectively.

	<u>2008</u>	<u>2007</u>
Land	\$ 93,612	\$ 93,612
Construction in Progress	48,270	-
Buildings and Improvements	2,753,647	2,753,647
Furniture and Equipment	302,118	282,393
Buses and Vans	356,207	321,348
Total Cost	<u>3,553,854</u>	<u>3,451,000</u>
Accumulated Depreciation	<u>2,282,988</u>	<u>2,157,280</u>
Net Capital Assets	<u>\$ 1,270,866</u>	<u>\$ 1,293,720</u>
Depreciation Expense	<u>\$ 147,160</u>	<u>\$ 133,111</u>

This year there was \$140,016 of additions and \$37,162 of disposals, reflecting the net increase in capital assets before depreciation.

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

- The purchase of six vending machines totaling \$16,620.
- The purchase of two vans for \$71,348.
- Architect fees for electric and mechanical renovations of \$48,270.

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 that consists only of the long-term portion of compensated absences in the amount of \$87,824. More detailed information about the long-term debt is presented in Note 7 to the basic financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certain significant aspects of the budget are detailed below:

Beginning Fund Balance	\$ 3,945,185
Projected Revenue	2,291,221
Projected Expenditures	<u>(2,190,272)</u>
Ending Fund Balance	<u>\$4,046,134</u>

The ad valorem tax levy for the Maintenance and Operation Fund has been set at the maximum allowed by the 2008 re-assessment which will generate an estimated \$1.5 million. Included in the 2008-2009 budget is a 6% average increase in health insurance. A 5% increase is included for staff salaries for The Center. The employer contribution rate for the Teacher's Retirement System of Louisiana will decrease from 16.6% to 15.5% and employer contribution rate for the School Employees Retirement System will decrease from 18.1% to 17.8%.

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:

Lester Adams, Executive Director,
P.O. Box 405,
Cut Off, Louisiana 70345
985-632-5671

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Special Education District #1's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, 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.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued a report dated October 2, 2008, on our consideration of Special Education District #1's internal control over financial reporting and 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 in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Stagni & Company

Thibodaux, Louisiana
October 2, 2008



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

Statement of Net Assets
June 30, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 2,598,651
Investments	1,463,137
Receivables:	
Due from other agencies	71,369
Accounts	3,883
Prepaid Insurance	50,834
Inventory	6,496
Capital Assets, Net of Accumulated Depreciation	<u>1,270,866</u>
TOTAL ASSETS	<u><u>5,465,236</u></u>
LIABILITIES	
Accounts, salaries, and other payables	35,728
Compensated absences payable - current	<u>42,795</u>
TOTAL CURRENT LIABILITIES	78,523
Compensated absences payable - long term	<u>87,724</u>
TOTAL LIABILITIES	<u><u>166,247</u></u>
NET ASSETS	
Investment in capital assets	1,270,866
Restricted for:	
Capital projects	456,370
Debt service	15,858
Client activities	6,015
Unrestricted	<u>3,549,880</u>
TOTAL NET ASSETS	<u><u>\$ 5,298,989</u></u>

See notes to financial statements.

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

Statement of Activities

For the Year Ended June 30, 2008

	<u>Program Revenues:</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses)/ Revenue
Governmental Activities				
Adult Instruction	\$ 521,798	\$ 572,835		\$ 51,037
General and Administrative	357,877		\$ 1,000	(356,877)
Plant Maintenance and Operations	245,686			(245,686)
Cafeteria Services	115,483	22,115		(93,368)
Transportation Services	168,893	24,360	57,078	(87,455)
Residential Services	103,051	70,148		(32,903)
Community Services	37,141	16,406		(20,735)
Total Governmental Activities	<u>\$ 1,549,929</u>	<u>\$ 705,864</u>	<u>\$ 58,078</u>	<u>(785,987)</u>

General Revenues:

Ad Valorem Taxes	624,812
State Revenue Sharing	51,898
Interest and Dividends	94,267
Miscellaneous	75
Gain on Sale of capital assets	7,090
Total General Revenues	<u>778,142</u>
Change in Net Assets	<u>(7,845)</u>

Net Assets:

Beginning	5,306,834
Ending	<u>\$ 5,298,989</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Balance Sheet - Governmental Funds
June 30, 2008

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash	\$ 2,582,793	\$ 15,858	\$ 2,598,651
Investments	1,463,137		1,463,137
Receivables:			
Due from other agencies	71,369		71,369
Accounts	3,883		3,883
Inventory	6,496		6,496
	\$ 4,127,678	\$ 15,858	\$ 4,143,536
LIABILITIES			
Accounts payable	\$ 35,728		\$ 35,728
Compensated absences payable	42,795		42,795
TOTAL LIABILITIES	78,523		78,523
FUND EQUITY			
Fund Balances:			
Reserved for debt service		\$ 15,858	15,858
Reserved for client activities	6,015		6,015
Reserved for capital improvements	456,370		456,370
Unreserved - Undesignated	3,586,770		3,586,770
TOTAL FUND EQUITY	4,049,155	15,858	4,065,013
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,127,678	\$ 15,858	\$ 4,143,536

See notes to financial statements.

SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balances - governmental funds	\$ 4,065,013
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	1,270,866
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds	
Prepaid Insurance	50,834
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	<u>(87,724)</u>
Net assets of governmental activities	<u><u>\$ 5,298,989</u></u>

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, 2008

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
REVENUES			
Ad Valorem Taxes	\$ 624,812		\$ 624,812
State Revenue Sharing	51,898		51,898
Adult Services Income	572,835		572,835
Cafeteria Services	22,115		22,115
Transportation Services	24,360		24,360
Residential Services	70,148		70,148
Community Services	16,406		16,406
Intergovernmental Revenue	57,078		57,078
Donations	1,000		1,000
Interest and Dividends	94,188	\$ 79	94,267
Sale of fixed assets	22,800		22,800
Miscellaneous	75		75
Total Revenues	<u>1,557,715</u>	<u>79</u>	<u>1,557,794</u>
EXPENDITURES			
Current:			
Adult Instruction	516,066		516,066
General and Administrative	341,254		341,254
Plant Maintenance and Operations	158,657		158,657
Physical Plant and Insurance	113,164		113,164
Transportation Services	121,577		121,577
Residential Services	103,051		103,051
Community Services	37,141		37,141
Total Current	<u>1,390,910</u>		<u>1,390,910</u>
Capital Outlay	140,016		140,016
Total Expenditures	<u>1,530,926</u>		<u>1,530,926</u>
NET CHANGE IN FUND BALANCE	26,789	79	26,868
FUND BALANCE			
Beginning of year	<u>4,022,366</u>	<u>15,779</u>	<u>4,038,145</u>
End of year	<u>\$ 4,049,155</u>	<u>\$ 15,858</u>	<u>\$ 4,065,013</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, 2008

Net change in fund balances - governmental funds	\$ 26,868
Amounts reported for <i>governmental activities</i> 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	\$ 140,016
Depreciation expense	(147,160)
NBV of Assets Sold	(15,710)
 Amount by which depreciation exceeded capital outlays	 (22,854)
Other expenses reported in the Statement of Activities that do not require current financial resources:	
Decrease in Prepaid insurance	(3,625)
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 in long-term compensated absences	<u>(8,234)</u>
Change in net assets of governmental activities	<u>\$ (7,845)</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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

GASBS No. 14 "The Financial Reporting Entity," sets forth the standards for defining and presenting the reporting entity in financial statements. To fairly present the financial position and results of operations of the financial reporting entity, a government must determine whether its reporting entity consists of only the legal entity known as the "primary government" or one or more organizations called "component units."

According to GASBS No. 14, The Center is considered a primary government defined as any state government or general purpose local government or a special purpose government that meets all of the following criteria:

- 1) It has a separately elected governing body.
- 2) It is legally separate.
- 3) It is fiscally independent of other state and local governments.

B. Government-Wide and Fund Financial Statements

On July 1, 2001, The Center adopted the provisions of Statement No. 34 of the Governmental Accounting Standards Board – "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local governmental entities that includes government-wide financial statements and fund financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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

B. Government-Wide and Fund Financial Statements (continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus / Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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

C. Measurement Focus/ Basis of Accounting (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Center utilizes the following governmental funds:

General Fund:

The General Fund is the primary operating fund of The Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include

- 1) charges to customers or applicants for goods, services, or privileges provided,
- 2) operating grants and contributions, and
- 3) capital grants and contributions, including special assessments.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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

C. Measurement Focus/ Basis of Accounting (Continued)

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

D. Deposits and Investments

The Center's cash and cash equivalents 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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

Note 1 Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments (continued)

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 taxes receivable expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

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

	Millage		Expiration
	Authorized	Levied	Date
Taxes due for:			
Operation & Maintenance	4.98	2.00	2016

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

Taxpayer	Assessed Value	Tax Revenue
Offshore Service Vessel	\$19,349,550	\$38,699

F. Inventory

Inventory of food in the general fund is valued at cost (first-in, first-out). Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

Note 1 Summary of Significant Accounting Policies (Continued)

G. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental funds in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of \$500 or more for capitalizing capital assets.

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

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

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

H. Compensated Absences

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.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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

I. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Reserved Fund Balances and Restricted Net Assets

The portion of unexpended funds dedicated for debt service is recorded as reserve for debt service and is restricted for debt service on the Statement of Net Assets. The portion of unexpended funds that have been recorded as restricted donations for client activities are recorded as reserve for client activities in the General Fund and restricted on the Statement of Net Assets. The portion of unexpended funds dedicated for future capital improvements are recorded as reserve for capital improvements in the General Fund and restricted on the Statement of Net Assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

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, 2008, the carrying amount of deposits was \$2,598,651 and the bank balance was \$2,665,090. 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 \$2,293,517 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 \$3,735,935 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 District's name.

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

Investments:

The Center's investments consist of \$1,463,137 that is invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Capital Assets, not being depreciated				
Land	\$93,612	\$ -	\$ -	\$93,612
Construction in Progress	-	48,270	-	48,270
Total Capital Assets, not being depreciated	\$93,612	\$48,270	-	\$141,882
Capital Assets, being depreciated				
Buildings and Improvements	2,753,647	-	-	2,753,647
Furniture and Equipment	282,393	20,398	673	302,118
Buses and Vans	321,348	71,348	36,489	356,207
Total capital assets, being depreciated	3,357,388	91,746	37,162	3,411,972
Less Accumulated Depreciation:				
Buildings and Improvements	1,787,461	83,404	-	1,870,865
Furniture and Equipment	219,143	16,439	673	234,909
Buses and Vans	150,676	47,317	20,779	177,214
Total Accumulated Depreciation	2,157,280	147,160	21,452	2,282,988
Capital Assets, being depreciated, net	\$1,200,108			1,128,984
Total Net Capital Assets, net	\$1,293,720			\$1,270,866

Depreciation expense of \$147,159 was charged to the following governmental functions:

Adult instruction	\$ 5,732
Transportation services	47,316
Physical plant and insurance	83,404
General and administrative	8,389
Cafeteria services	2,319
Total	<u>\$147,160</u>

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2007	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2008
Compensated absences	\$79,490	\$8,234	\$ -	\$87,724

Note 8 Pension Plan

Substantially all employees of The Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Pertinent information relative to each plan follows:

TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 16.6 percent of annual covered payroll for the membership plan. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the TRS.

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

Notes to the Financial Statements

June 30, 2008

Note 8 Pension Plan (Continued)

Employer contribution to the TRS, as provided by state law, is funded by deductions from local ad valorem taxes and by remittances by The Center. The Center's contributions to the TRS for the years ending June 30, 2008, 2007, and 2006 were \$98,950, \$82,816, and \$80,772, respectively, which were equal to the required contributions for each year.

LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and The Center is required to contribute at an actuarially determined rate. The current rate is 18.10 percent of annual covered payroll. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the LSERS. The Center's employee contribution for the LSERS is funded by remittances from The Center. The Center's contributions to the LSERS for the years ending June 30, 2008, 2007, and 2006 were \$8,738, \$8,876, and \$7,984, respectively which were equal to the required contributions for each year.

Note 9 Commitments and Contingencies

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

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2008

Note 9 *Commitments and Contingencies (continued)*

During this fiscal year, The Center contracted with Gossen-Holloway & Associates for electrical and mechanical renovations; amounts paid to the architect are included as construction in progress at year-end. (See Note 6) On August 29, 2008, The Center entered into a contract with Volute, Inc. totaling \$480,100 for the electrical and mechanical renovations project.

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. The Center pays 75% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid through withholding allowances on the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

***REQUIRED SUPPLEMENTAL
INFORMATION***

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 544,000	\$ 623,817	\$ 624,812	\$ 995
State Revenue Sharing	49,131	51,898	51,898	-
Adult Services Income	503,000	563,300	572,835	9,535
Cafeteria Services	20,000	22,000	22,115	115
Transportation Services	20,000	23,000	24,360	1,360
Residential Services	35,000	61,000	70,148	9,148
Community Services	5,000	18,000	16,406	(1,594)
Intergovernmental Revenue	24,780	56,628	57,078	450
Donations	1,000	1,000	1,000	-
Interest and Dividends	200,000	94,300	94,188	(112)
Sale of fixed assets		22,800	22,800	-
Miscellaneous	100	100	75	(25)
Total Revenues	<u>1,402,011</u>	<u>1,537,843</u>	<u>1,557,715</u>	<u>19,872</u>
EXPENDITURES:				
Current:				
General and Administrative	343,498	337,289	341,254	(3,965)
Adult Instruction	452,268	504,985	516,066	(11,081)
Cafeteria Services	119,054	113,952	113,164	788
Transportation Services	115,080	125,413	121,577	3,836
Community Services	44,607	44,781	37,141	7,640
Residential Services	75,572	101,744	103,051	(1,307)
Physical Plant and Insurance	170,600	163,600	158,657	4,943
Total Current	<u>1,320,679</u>	<u>1,391,764</u>	<u>1,390,910</u>	<u>854</u>
Capital Outlay	122,436	142,596	140,016	2,580
Total Expenditures	<u>1,443,115</u>	<u>1,534,360</u>	<u>1,530,926</u>	<u>3,434</u>
NET CHANGE IN FUND BALANCE	(41,104)	3,483	26,789	23,306
FUND BALANCE:				
Beginning of year	4,021,574	4,022,366	4,022,366	-
End of year	<u>\$ 3,980,470</u>	<u>\$ 4,025,849</u>	<u>\$ 4,049,155</u>	<u>\$ 23,306</u>

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

**Schedule of Per Diem and Compensation of Board of Commissioners
For the Year Ended June 30, 2008**

During the year ended June 30, 2008 the Board of Commissioners held ten (10) meetings. Board members were not paid per diem or mileage for the year.

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche which collectively comprise the basic financial statements, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 2, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Special Education District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Special Education District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
October 2, 2008



**SPECIAL EDUCATION DISTRICT #1,
OF THE PARISH OF LAFOURCHE**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements, and have issued our report thereon dated October 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the basic financial statements resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No
Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards – Not Applicable

Internal Control

Material Weaknesses Yes No
Significant Deficiencies Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

c. Identification of Major Programs – Not Applicable

CFDA Number (s)	Name of Federal Program (or Cluster)
Dollar threshold used to distinguish between Type A and Type B Programs: N/A	
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Section II - Financial Statement Findings

NONE

**Section III Federal Award Findings and Questioned Costs
NOT APPLICABLE**

