Rapides Parish Coliseum Authority

Alexandria, Louisiana

December 31, 2016

Rapides Parish Coliseum Authority

December 31, 2016

Table of Contents

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report

To the Board of Commissioners
Rapides Parish Coliseum Authority
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Rapides Parish Coliseum Authority, Alexandria, Louisiana, (the Authority) a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.
Rebecca G. Nation, C.P.A.
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To the Board of Commissioners
Rapides Parish Coliseum Authority

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rapides Parish Coliseum Authority, Alexandria, Louisiana, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head or chief executive officer (Schedule 1) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

PAYNE, MOORE & HERRINGTON, LLP

To the Board of Commissioners
Rapides Parish Coliseum Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the Rapides Parish Coliseum Authority's 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 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 Rapides Parish Coliseum Authority's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 26, 2017

Basic Financial Statements

Rapides Parish Coliseum Authority
Statement of Net Position
December 31, 2016

Exhibit A

Assets		
Cash and cash equivalents		$ 1,373,040
Property taxes receivable		775,539
Prepaid expenses		3,500
Capital assets		
Nondepreciable		
Construction in progress	202,844	
Depreciable		
Furniture, fixtures, and equipment	31,858	
Accumulated depreciation	(12,975)	221,727
Total Assets		2,373,806
Deferred Outflows of Resources		
Deferred outflow of pension resources		12,860
Liabilities		
Advance deposits payable		3,000
Contracts payable		20,284
Short-term compensated absences		3,569
Total Liabilities		26,853
Net Position		
Net investment in capital assets		221,727
Restricted		175,000
Unrestricted		1,963,086
Net Position		$ 2,359,813

The accompanying notes are an integral part of the financial statements.

Rapides Parish Coliseum Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2016

Exhibit B

Operating Revenues	
Total Operating Revenues	$ -
Operating Expenses	
Culture and Recreation - Spectator Recreation Facility:	
Personal services and related benefits	125,821
Operating services	59,705
Maintenance and supplies	80,179
Depreciation	3,164
Total Operating Expenses	268,869
Operating Income (Loss)	(268,869)
Nonoperating Revenues (Expenses)	
Interest income	2,123
Property taxes - general purpose	762,672
Intergovernmental grants and appropriations	240,381
Total Nonoperating Revenues (Expenses)	1,005,176
Change in Net Position	736,307
Total Net Position - Beginning of Year	1,623,506
Total Net Position - End of Year	$ 2,359,813

The accompanying notes are an integral part of the financial statements.

Rapides Parish Coliseum Authority
Statement of Cash Flows
Year Ended December 31, 2016

Exhibit C
(Continued)

Cash Flows from Operating Activities	
Advance deposits payable	$ 3,000
Payments to suppliers for goods and services	(143,385)
Payments to employees for services and benefit costs	(135,111)
Net Cash Provided by (Used in) Operating Activities	(275,496)
Cash Flows from Noncapital Financing Activities	
Intergovernmental grants and appropriations	240,381
Property taxes received for general purposes	699,789
Net Cash Provided by (Used in) Noncapital Financing Activities	940,170
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(200,898)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(200,898)
Cash Flows from Investing Activities	
Interest received on interest-bearing deposits	2,123
Net Cash Provided by (Used in) Investing Activities	2,123
Change in Cash and Cash Equivalents	465,899
Cash and Cash Equivalents, Beginning of Year	907,141
Cash and Cash Equivalents, End of Year	$ 1,373,040
Classified As:	
Unrestricted cash and equivalents	$ 1,373,040
Total	$ 1,373,040

The accompanying notes are an integral part of the financial statements.

Rapides Parish Coliseum Authority
Statement of Cash Flows
Year Ended December 31, 2016

Exhibit C
(Concluded)

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:

Operating loss	$ (268,869)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation	3,164
Changes in assets and liabilities:	
Prepaid expenses	(3,500)
Deferred outflows of resources	(12,860)
Advance deposits payable	3,000
Short-term compensated absences	3,569
Total Adjustments	(6,627)
Net Cash Provided by (Used in) Operating Activities	$ (275,496)

Additional required disclosure:
There were no material noncash operating, noncapital financing, capital and related financing, or investing activities.

The accompanying notes are an integral part of the financial statements.

Notes to Basic Financial Statements

Notes to Basic Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies

The accompanying financial statements of the Authority are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements as set forth in the *Codification for Governmental Accounting and Financial Reporting.*

Reporting Entity

The Rapides Parish Coliseum Authority (the Authority) is a governmental entity that was created by the Rapides Parish Police Jury, under the authority of Act No. 153 of the 1977 Regular Session of the Louisiana Legislature. The Authority is governed by a nine-member board of commissioners which are appointed by the Rapides Parish Police Jury. The creation of the Authority was for the purpose of overseeing the operations, management, and events held at the Rapides Parish Coliseum and surrounding exhibit halls.

In evaluating how to define the entity for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are: the capacity for the organization to have its own name; the right for the organization to sue and be sued in its own name without recourse to the primary government; and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to be considered "financially accountable" include: appointment of a voting majority of the organization's governing body; ability for the primary government to impose its will on the organization; potential to provide specific financial benefits to or impose specific financial burdens on the primary government; and fiscal dependence of the organization. The Rapides Parish Police Jury appoints the members of the board of commissioners and imposes its will on the board of commissioners. As per the above criteria, the Authority is considered a component unit of the Rapides Parish Police Jury. Only the operating activities of the Authority are included in these financial statements.

The accounting and reporting framework and more significant of the Authority's accounting policies are described below.

Basis of Presentation

Fund Accounting

A fund is a separate accounting entity with a self-balancing set of accounts. The Authority only has one fund, which is classified as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Because services are provided to the public and outside services, the proprietary fund is considered an enterprise fund.

Notes to Basic Financial Statements

Basis of Accounting

Proprietary funds account for operations that are primarily financed by user charges. All proprietary funds are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus. The economic resources measurement focus is concerned with determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned, and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are rental income from exhibitions and events, and income from concession and souvenir sales. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, maintenance, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net position are available for use, it is the Coliseum's policy to use restricted net position first, then unrestricted as needed.

Property taxes are recognized as revenue in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Property taxes are considered "measurable" at the time of levy. Substantially all other non-governmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs. Property taxes receivable are reported based on collections subsequent to the financial statement date.

Cash and Cash Equivalents

Cash includes amounts in petty cash, demand deposit accounts, and cash held in custody on behalf of the Authority in Rapides Parish Police Jury's general operating account. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with banks located in the State of Louisiana. For the purpose of the statement of cash flows, the Authority considers all highly liquid investments with original maturity of three months or less from date of acquisition, to be cash equivalents.

Capital Assets

Capital assets of the Authority, acquired prior to January 1, 1992, are owned by the Rapides Parish Police Jury and are accounted for as capital assets in their financial statements. The Rapides Parish Police Jury, by agreement, has granted the Authority the right to use these assets in the operation of the coliseum facilities. Capital assets, consisting of furnishings and equipment with an acquisition cost of at least $500 and an estimated useful life of more than three years, purchased by the Authority subsequent to the date of the agreement, are reported on the statement of net position of the Authority. Depreciation of these fixed assets is charged as an expense against operations. Fixed assets are stated at cost and depreciated on the straight-line method over the estimated useful life of 3 to 10 years.

Advance Deposits Payable

Advance deposits payable at year end, if any, represents amounts paid to the Authority for upcoming events and use of facilities. These amounts are recognized as revenue when the event or use of facilities occurs.

Compensated Absences

Annual leave (vacation) is earned by permanent employees from the first day of employment at rates that vary from 80 to 200 hours per year, depending on length of service. A maximum of 160 hours of annual leave may be carried forward at the employee's anniversary date. Unused annual leave exceeding 160 hours on his/her anniversary date is converted to sick leave. Upon termination or death, the employee or his estate is paid for unused annual leave.

Employees who are required to perform overtime work in excess of their normal work schedule shall be credited with compensatory leave at a rate of one and one-half hours for each hour worked. Compensatory time may be accumulated up to a maximum of 240 hours and may be carried forward from year to year. Upon termination, the employee or his estate shall be paid for any accumulated compensatory time at his/her then present rate.

Accumulated annual leave (vacation) and compensatory time are recorded as a liability as the benefits accrue to employees. Accumulated sick leave is not paid to an employee upon termination, accordingly, no liability has been recorded in the accompanying financial statements for sick leave.

Net Position

Net position is reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GASB Statement No. 68 Implementation

Effective for the year ending December 31, 2016, the Rapides Parish Coliseum Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date -- an amendment to GASB Statement No. 68.* These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These Statements also require enhanced note disclosures and schedules of required supplemental information that will be presented by the pension plans that are within its scope.

GASB Statement No. 45

The provisions of *GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires employers who provide postemployment benefits other than retirement to measure, recognize, and disclose obligations related to the provision of such benefits during the employee's period of employment based on certain actuarially determined factors. During 2016, all Rapides Parish Coliseum Authority employees were paid by Rapides Parish Police Jury and were eligible for postemployment benefits in accordance with the Police Jury's policy.

The Rapides Parish Coliseum Authority had no covered employees prior to 2016 and only three employees during a portion of 2016. Because the Coliseum did not have employees during the most recently available full year valuation for Rapides Parish Police Jury, and because there is no reliable basis for estimating the Coliseum's allocable portion of the unfunded obligation and liability for postemployment benefits, no amounts have been included in the accompanying financial statements and the effects, if any, are immaterial to the accompanying financial statements. All liabilities and obligations associated with postemployment benefits are reported in the financial statements of Rapides Parish Police Jury.

2. Cash and Cash Equivalents

At December 31, 2016, the Authority had cash and cash equivalents (book balances) totaling $1,373,040 which consisted of $82,322 held in a demand deposit account in the name of the Authority and $1,290,718 held on behalf of the Authority by Rapides Parish Police Jury in its general operating account. These amounts are unrestricted.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Amounts on deposit in the name of the Authority were fully insured by FDIC coverage. The cash held by Rapides Parish Police Jury in its general operating account on behalf of the Authority was fully collateralized by pledged securities.

3. Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Increases	Decreases	Balance 12/31/16
Capital assets, nondepreciable				
Construction in progress	$ -	$ 202,844	$ -	$ 202,844
Other capital assets				
Furniture, fixtures, and equipment	17,021	18,337	3,500	31,858
Less				
Accumulated depreciation				
Furniture, fixtures, and equipment	(13,311)	(3,164)	3,500	(12,975)
Other capital assets, net	3,710	15,173	-	18,883
Net Capital Assets	$ 3,710	$ 218,017	$ -	$ 221,727

Depreciation expense for the year amounted to $3,164.

4. Retirement Systems

Starting in fiscal year end December 31, 2016, the Rapides Parish Coliseum Authority began contributing to the Parochial Employee's Retirement System (PERS) of Louisiana, Plan A through the Rapides Parish Police Jury. All permanent employees who work at least 28 hours per week are required to become members on the date of employment, with limited defined exceptions.

The retirement allowance is equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months' salary for members hired prior to January 1, 2007. For members hired January 1, 2007 and later, final average compensation shall be defined as the average of the highest consecutive 60 months' salary.

Any employee who was a member of the supplemental plan only prior to the revision date (January 1, 1980) has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary of the final average compensation.

Eligibility Provisions for Active Members Hired Prior to January 1, 2007:

7 years and age 65
10 years and age 60
25 years and age 55
30 years and any age

Eligibility Provisions for Active Members Hired January 1, 2007 and Later:

7 years and age 67
10 years and age 62
30 years and age 55

Seven years of service credit is required to be eligible for a normal retirement benefit at age 65 if the member was an active member of either plan on December 31, 2006. For employees hired January 1, 2007 and later, vesting occurs with seven years of service credit; however, these members must attain age 67 before becoming eligible for normal retirement. Eligibility to actually begin receiving benefits is a function of fulfilling the eligibility provisions of age and service.

The Parochial Employees' Retirement System also provides death and disability benefits. Benefits and contribution rates are established and may be amended by state law. The employer contribution rates are actuarially determined annually according to statutory process and are subject to change based on the results of the actuarial valuation.

There were no active employees of the Coliseum Authority during the applicable PERS measurement date of December 31, 2015 to record a net pension liability for the Coliseum Authority as of December 31, 2016. However contributions to the plan were made subsequent to this measurement date in the amount of $12,860, which is reported as Deferred Outflow of Pension Resources on the Statement of Net Position.

The Parochial Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Parochial Employees' Retirement System, Plan A. That report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

5. Compensated Absences

Balance 12/31/2015	Increases	Decreases	Balance 12/31/2016
$ -	$ 3,569	$ -	$ 3,569

All compensated absences at year end are classified as short-term. The Authority hired an Executive Director and 2 full-time employees in 2016 in preparation for the opening for the Coliseum.

6. Restricted Funds

The restricted fund of $175,000 was given to the Coliseum through a Cooperative Endeavor Agreement specifically for the purchase of portable basketball floors, goals, and any other items and/or equipment associated with basketball to be used, attract, and host basketball events in the Coliseum.

7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained commercial insurance for risks relating to injuries of employee, and the operation of motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Authority requires the promoters of events held at the coliseum facility to provide commercial general liability insurance with the Authority being named as the additional insured through an insurance certificate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Since the Authority only has use of the coliseum complex, insurance related to fire and extended coverage of the complex is the responsibility of the Rapides Parish Police Jury. The Rapides Parish Police Jury has obtained commercial insurance to reduce its risk of potential loss due to damage to or destruction of the complex. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

8. Operating Income (Loss)

The following presents information regarding historical operating results of the Authority:

Year Ended December 31:	Operating Revenues	Operating Expenses	Deficit
2004	$ 815,923	$ 835,385	$ (19,462)
2005	748,160	794,574	(46,414)
2006	666,381	724,568	(58,187)
2007	585,862	739,269	(153,407)
2008	545,469	593,555	(48,086)
2009	604,746	805,580	(200,834)
2010	622,097	876,542	(254,445)
2011	878,755	881,782	(3,027)
2012	462,160	576,467	(114,307)
2013	334,323	433,423	(99,100)
2014	47,737	344,280	(296,543)
2015	-	151,706	(151,706)
2016	-	268,869	(268,869)

9. Property Taxes

On November 6, 2012, voters of Rapides Parish authorized the issuance of $23 million general obligation bonds for the purpose of constructing and acquiring improvements and additions to, and renovating and repairing the Rapides Parish Coliseum. The bonds are payable from the annual levy and collection of ad valorem taxes on all the taxable property within the boundaries of the Parish of Rapides for a period of 20 years, beginning in 2013 and ending with the year 2032. The bond proposition provides for a 2.55-mill property tax to meet principle and interest obligations related to the bond issue. Because the bonds are issued in the name of the Rapides Parish Police Jury, neither the debt nor the related property tax revenues are reflected in the financial statements of the Authority.

On November 6, 2012, voters also approved a 20 year 1 mill tax on all property subject to taxation in the Parish of Rapides. This assessment is to fund improvements, maintenance, and operations of the coliseum. Net property tax revenue associated with this assessment totaled $762,672 for the year and is reported as nonoperating revenues in the accompanying statement of revenues, expenses, and changes in net position. Property taxes receivable at December 31, 2016, totaled $775,539. No allowance for uncollectible amounts was considered necessary.

10. Commitments, Contingencies, and Subsequent Events

The bonds referred to in Note 9 were issued for purposes as stated in the bond documents. Improvements and renovations to the coliseum were delayed due to a property dispute that was finally settled in April 2015. The project began during 2015 and is expected to be completed by February 2017. The bonds were issued under Parish of Rapides, State of Louisiana, and are reported in financial statements of the Rapides Parish Police Jury. As of the financial statement date, the coliseum renovations and improvements are ongoing.

On May 18, 2017, the executive director tendered his resignation effective May 19, 2017. The Coliseum Authority elected to accept the resignation effective immediately.

On or about May 19, 2017, legal counsel and the District Attorney reported to the auditor's office the possible misuse of public funds for expenses related to the grand opening and gala events held in February 2017. The particulars of the matter and the legal authority or lack of authority for the expenditure is currently under investigation.

On or about May 19, 2017, legal counsel and the District Attorney's office reported allegations regarding proper authorization and execution of two leases dated April 21, 2017 between Rapides Parish Police Jury and H & E Equipment Services, Inc. for equipment being used at the Coliseum. These contracts have been canceled, and the Coliseum Authority's legal council is reviewing, renegotiating, and terminating other contacts and leases as deemed in the best interest of the Coliseum.

Supplemental Information

Rapides Parish Coliseum Authority
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended December 31, 2016

Schedule 1

Agency Head Name: Richard Karamatic, Executive Director

Purpose	Amount
Salary	$ 48,678
Benefits-insurance	8,730
Benefits-retirement	6,906
Benefits-life insurance	73
Car allowance	600
Vehicle provided by government	-
Per diem	-
Reimbursements	297
Travel	522
Registration fees	885
Conference travel	1,840
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

See independent auditor's report.

Other Reports Required by
Government Auditing Standards

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

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

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
Rapides Parish Coliseum Authority

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 business-type activities of Rapides Parish Coliseum Authority, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. We consider the deficiencies described as items 2016-001 and 2016-003 in the accompanying schedule of findings and responses to be material weaknesses.

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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Commissioners
Rapides Parish Coliseum Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2016-002.

Rapides Parish Coliseum Authority's Response to Findings

The Rapides Parish Coliseum Authority's response to the findings identified in our audit is described in the management's corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe 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.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 26, 2017

Schedule of Findings and Responses

Rapides Parish Coliseum Authority
Schedule of Findings and Responses
December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_X_ Yes	____ No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	_X_ Yes	____ No
Management's Corrective Action Plan	See attached	
Management's Summary Schedule of Prior Audit Findings	See attached	
Memorandum of Other Comments and Recommendations	Not applicable	
Federal Awards	Not applicable	

Section II – Findings related to the Financial Statements

Finding 2016-001: Organizational Structure, Oversight, and Financial Reporting Functions

Criteria: Effective organizational structure and internal controls over financial reporting and operational oversight is essential to any organization. The roles of those charged with governance, management, and staff should be clearly defined and followed to ensure that operations and financial reporting responsibilities are known and procedures are being followed. The Authority's board of commissioners is responsible for policy setting, financial, and operational oversight functions. The role, responsibilities, and extent of authority given to management should be clearly defined, documented, and communicated.

During construction and renovation of the facility, the Authority had no employees therefore, certain financial functions of the Authority were entrusted to Rapides Parish Police Jury in an agency capacity. The Authority's board of commissioners is responsible for operational functions of the Coliseum while the construction and renovations were under the authority and direction of the building's owner, Rapides Parish Police Jury.

Condition and Context: During the period under audit, the Rapides Parish Police Jury had oversight over the construction and renovation project. In addition, the Rapides Parish Police Jury performed functions related to procurement, payroll, and financial reporting as the agent for Rapides Parish Coliseum

Authority. Decision making and mutual consent was not well documented or communicated among management, the Authority board of commissioners, and the Rapides Parish Police Jury. Operational policies for significant processes and functions were not developed and adopted in advance of the pending reopening of the Coliseum. While the Authority has oversight responsibility for operations, there is no evidence that financial data was regularly provided to the board of commissioners for review and approval. It was unclear who had authority to initiate and approve expenditures, hire and terminate employees, or otherwise make operational decisions.

Cause and Effect: Lines of authority for operational oversight were unclear and not effectively communicated to management and staff. Complete written policies and procedures were not established for the operations of the Coliseum in preparation for the reopening in early 2017. Evidence to verify the adequacy of financial oversight, who had authority to initiate and approve expenditures, hire and terminate employees, and otherwise make operational decisions was not documented.

Recommendation: We recommend that responsibilities and related authority for operational oversight and financial accountability be established and communicated among the involved parties. Because the Authority's board of commissioners is responsible for the operations of the Coliseum, we recommend that they receive, review, and approve sufficient financial data related to the funds under its direction to enable effective operational decision making. We recommend that the duties and responsibilities of the Coliseum's director be well-defined, documented, and communicated and that the role of the Rapides Parish Police Jury in financial and operational functions be clarified and communicated.

Management's Response: See Management's Corrective Action Plan.

Finding 2016-002: Compliance with Louisiana Bid Law

Criteria: Louisiana Public Bid Law, R.S. 38:2212, required that purchases of $10,000 or more, but less than $30,000, be made by obtaining no fewer than three telephone or facsimile quotations.

Condition and Context: A ramp was approved for purchase and the cost including delivery and freight exceeded $10,000. There is no evidence that three price quotations were obtained.

Cause and Effect: This purchase was not made in accordance with Louisiana Public Bid Law R.S. 38:2212.

Recommendation: We recommend that all purchases be made in accordance with the provisions of R.S. 38:2212.

Management's Response: See Management's Corrective Action Plan.

Finding 2016-003: Theft of Assets

Criteria: Effective internal controls should be developed and in place to adequately safeguard assets from misuse and theft.

Condition and Context: On or about April 17, 2017, a theft of funds totaling $4,500 and two flat screen televisions occurred. The funds were identified to be petty cash amounting to $900 and proceeds from tickets sold on April 14, 2017 for an upcoming event totaling $3,600. This matter was reported to law enforcement and is under investigation.

Cause and Effect: Controls were either ineffective or did not exist to adequately safeguard assets from theft. As a result, unauthorized entry was made to the Coliseum property and office areas from which cash and televisions were stolen.

Recommendation: We recommend that internal controls over the safeguarding of cash and other assets susceptible to theft be evaluated and developed or refined as necessary to adequately protect assets from theft and misuse.

Management's Response: See Management's Corrective Action Plan.

Management's Corrective Action Plan

Rapides Parish Coliseum Authority
Management's Corrective Action Plan
December 31, 2016

The Rapides Parish Coliseum Authority respectfully submits the following corrective action plan for the year ended December 31, 2016.

Independent Public Accounting Firm:	Payne, Moore & Herrington, LLP P.O. Box 13200 Alexandria, LA 71315-3200 (318) 443-1893
Auditee Contact Person:	Bruce Kelly, Treasurer Rapides Parish Police Jury Representative for Rapides Parish Coliseum Authority 701 Murray Street Alexandria, LA 71309

Audit Period: January 1, 2016 through December 31, 2016

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the preceding schedule.

Section I – Findings Related to the Financial Statements

Finding 2016-001: Organizational Structure, Oversight, and Financial Reporting Functions

Condition and Context: During the period under audit, the Rapides Parish Police Jury had oversight over the construction and renovation project. In addition, the Rapides Parish Police Jury performed functions related to procurement, payroll, and financial reporting as the agent for Rapides Parish Coliseum Authority. Decision making and mutual consent was not well documented or communicated among management, the Authority board of commissioners, and the Rapides Parish Police Jury. Operational policies for significant processes and functions were not developed and adopted in advance of the pending reopening of the Coliseum. There is no evidence that financial data was regularly provided to the board of commissioners for review and approval. It was unclear who had authority to initiate and approve expenditures, hire and terminate employees, or otherwise make operational decisions.

Management's Response: The Coliseum Authority agrees that during the renovation/construction phase for the Coliseum the Police Jury (the owner of the facility) was the actual party contracted with the renovation contractor and that did create issues and some confusion as to who was responsible for making certain operational decisions at the Coliseum. These issues continued after the opening of the facility as the construction phase and completion was still under review.

However, after recent communications and discussions, we believe that the Police Jurors have now properly delegated these operational decisions to the Coliseum Authority Board as the Coliseum Authority is a political subdivision of the State of Louisiana that was created for the purpose of making operational decisions at the Coliseum.

Furthermore, in August 2016 the Coliseum Authority Board adopted an "Operational Rule and Regulations" policy to assist with operations of the Coliseum. Additionally, a Legal Committee and Finance Committee system has been implemented for review and approval of operational matters. In March 2017 the Coliseum Authority Board adopted a "Contract Approval Policies and Procedures" policy to assist with operational matters and set up review of operational matters by the Legal Committee and/or Finance Committee and all employees received and signed for a copy of the policy. The Coliseum is a "start-up" facility having basically opened for public service in February 2017 and other policies are currently being drafted and approved to further address and document proper operational procedures in other areas.

Finding 2016-002: Compliance with Louisiana Bid Law

Condition and Context: A ramp was approved for purchase and the cost including delivery and freight exceeded $10,000. There is no evidence that three price quotations were obtained.

Management's Response: It is our understanding that the invoice in question exceeded the $10,000 threshold due to a freight charge and that the item charge was below the $10,000 threshold. However, to properly oversee and address such issues, in March 2017 the Coliseum Authority Board under the direction of legal counsel proceeded to adopt a "Contract Approval Policies and Procedure" which incorporates State bid laws and sets up a review procedure for the Finance Committee and/or Legal Committee for proper oversight of purchases and contracts and all employees received and signed a copy of the policy.

Additionally, the employee that failed to follow the proper quotations procedure for the purchase is no longer employed by the Coliseum.

Finding 2016-003: Theft of Assets

Condition and Context: Controls to adequately safeguard cash and other assets from theft were either ineffective or not in place. On or about April 17, 2017, a theft of funds totaling $4,500 and two flat screen televisions occurred. The funds were identified to be petty cash amounting to $900 and proceeds from tickets sold on April 14, 2017 for an upcoming event totaling $3,600. This matter was reported to law enforcement and is under investigation.

Management's Response: This matter has been reported to the appropriate law enforcement agency and changes have been made to internal controls concerning cash at the coliseum.

Management's Summary Schedule of Prior Audit Findings

Rapides Parish Coliseum Authority
Management's Summary Schedule of Prior Audit Findings
December 31, 2016

<u>Finding 2015-001 Unposted and Improperly Posted Entries</u>

Condition: The proposed journal entries from the prior years' audit were not recorded in the Authority's accounting records. Payments and receipts relating to prior year accruals were posted in the current year income and expenses. Entries were required to be posted in the current year to correct beginning net position and other asset, liability, revenue, and expense accounts. There was no documented evidence that interim financial statements and transactions were reviewed and approved by the appropriate level of management.

Current Status: Resolved