

BEAUREGARD PARISH
COVERED ARENA AUTHORITY
PARISH OF BEAUREGARD - STATE OF LOUISIANA
DERIDDER, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
As of and For the Two Years Ended
December 31, 2002 and 2003

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 8-25-04

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INDEPENDENT AUDITOR'S REPORT

Mr. James W. Blackmon
Beauregard Parish Covered Arena Authority
P.O. Box 430
DeRidder, LA. 70634

I have audited the accompanying general purpose financial statements of the Beauregard Parish Covered Arena Authority, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the two years ended December 31, 2002 and 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Beauregard Parish Covered Arena Authority's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Beauregard Parish Covered Arena Authority, as of December 31, 2002 and 2003 and the results of its operations and cash flows of its proprietary fund type for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. James W. Blackmon
Beauregard Parish Covered Arena Authority
State of Louisiana

In accordance with *Government Auditing Standards*, I have also issued my report dated June 2, 2004 on my consideration of the Beauregard Parish Covered Arena Authority's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of my audit.



DeRidder, Louisiana
June 2, 2004

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 PROPRIETARY FUND - ENTERPRISE FUND
 (All Fund Types and Account Groups)
 BALANCE SHEET
 December 31, 2002 and 2003

Statement A

	2003	2002
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,458	\$ 21,122
Grants receivable	12,402	5,660
Sales tax receivable	8,971	5,834
Total current assets	\$ 22,831	\$ 32,616
Fixed assets:		
Property, plant, and equipment - net	\$ 346,149	\$ 334,625
Total assets	\$ 368,980	\$ 367,241
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 7,920	\$ 6,702
Contracts payable	12,402	24,149
Payroll taxes payable	738	508
Total current liabilities	\$ 21,060	\$ 31,359
Fund equity:		
Contributed capital	\$ 291,492	\$ 264,134
Retained earnings - unreserved	56,428	71,748
Total fund equity	\$ 347,920	\$ 335,882
Total liabilities and fund equity	\$ 368,980	\$ 367,241

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 PROPRIETARY FUND - ENTERPRISE FUND

Statement B

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Two Years Ended December 31, 2002 and 2003

	2003	2002
<u>Operating revenues</u>		
Concession stand and other sales	\$ 41,232	\$ 47,950
Arena and other rentals	46,991	55,212
Total operating revenues	\$ 88,223	\$ 103,162
 <u>Operating expenses</u>		
Salaries and related benefits	\$ 38,914	\$ 39,574
Contract services	15,911	18,989
Office supplies	915	1,971
Janitorial and maintenance	6,760	9,166
Utilities	23,640	25,841
Rentals	-	1,404
Depreciation	15,834	8,330
Advertising	341	1,001
Alarm system monitoring	-	275
Annual inspections	931	1,932
Sponsorships	17,500	12,500
Professional services	325	3,030
Concession stand and other supplies	22,648	20,229
Pest control	975	750
Dues and publications	56	455
Bank charges	-	4
Fuel and oil	1,273	1,745
Operating expenses	1,082	3,782
Travel	-	178
Auto expenses	898	454
Telephone	4,207	4,257
Miscellaneous	221	1,071
Total operating expenses	\$ 152,431	\$ 156,938
 Operating income (loss)	\$ (64,208)	\$ (53,776)

(Continued)

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 PROPRIETARY FUND - ENTERPRISE FUND

Statement B

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Two Years Ended December 31, 2002 and 2003

	2003	2002
<u>Non-operating revenues (expenses)</u>		
Interest income	\$ 4	\$ 81
Interest expense	(435)	(108)
State grants	17,500	12,500
Sales tax revenue	31,465	80,056
Miscellaneous revenue	354	301
Total non-operating revenues (expenses)	\$ 48,888	\$ 92,830
Net income (loss)	\$ (15,320)	\$ 39,054
Retained earnings (deficit), beginning of year	71,748	32,694
Retained earnings (deficit), end of year	\$ 56,428	\$ 71,748
		(Concluded)

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 PROPRIETARY FUND - ENTERPRISE FUND

Statement C

STATEMENT OF CASH FLOWS
 For the Two Years Ended December 31, 2002 and 2003

	2003	2002
<u>Cash flows from operating activities:</u>		
Cash received from customers	\$ 88,223	\$ 103,162
Cash payments to suppliers for goods and services	(96,465)	(106,350)
Cash payments to employees for services	(38,684)	(39,807)
Net cash used by operating activities	\$ (46,926)	\$ (42,995)
<u>Cash flows from non-capital financing activities:</u>		
Miscellaneous revenues	\$ 354	\$ 301
Interest expense	(435)	(108)
State grants received	10,758	12,966
Sales tax revenue	28,328	74,222
Net cash provided for non-capital financing activities	\$ 39,005	\$ 87,381
<u>Cash flows from capital and related financing activities:</u>		
Acquisition and construction of capital assets	\$ (39,105)	\$ (275,730)
Contributed capital received	27,358	243,106
Net cash used for capital and related financing activities	\$ (11,747)	\$ (32,624)
<u>Cash flows from investing activities:</u>		
Interest on cash management activities	\$ 4	\$ 81
Net increase (decrease) in cash and cash equivalents	\$ (19,664)	\$ 11,843
Cash and cash equivalents, beginning of year	21,122	9,279
Cash and cash equivalents, end of year	\$ 1,458	\$ 21,122

(Continued)

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 PROPRIETARY FUND - ENTERPRISE FUND

Statement C

STATEMENT OF CASH FLOWS
 For the Two Years Ended December 31, 2002 and 2003

	2003	2002
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (64,208)	\$ (53,776)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	\$ 15,834	\$ 8,330
<u>Changes in assets and liabilities</u>		
Increase (decrease) in payroll taxes payable	230	(233)
Increase in accounts payable	1,218	2,684
Total adjustments	\$ 17,282	\$ 10,781
Net cash provided by operating activities	\$ (46,926)	\$ (42,995) (Concluded)

The accompanying notes are an integral part of this statement.

BEAUREGARD PARISH COVERED ARENA AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the Two Years Ended December 31, 2002 and 2003

INTRODUCTION

Beauregard Parish Covered Arena Authority was created by the Louisiana State Legislature, Act No. 984, R.S. 33:4577 dated June 29, 1995. The covered arena authority provides for the general maintenance, upkeep, and construction of property, plant and equipment of the Beauregard Parish Covered Arena. The governing authority of the covered arena is a Board of Commissioners consisting of the president of the Beauregard Parish Police Jury and four members appointed by the members of the legislature representing Beauregard Parish; the commissioners serve a period of two years and receive no compensation for their services.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Beauregard Parish Covered Arena Authority have been prepared in conformity with generally accepted accounting principles (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.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Beauregard Parish Police Jury is the financial reporting entity for Beauregard Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature or significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Beauregard Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

BEAUREGARD PARISH COVERED ARENA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and /or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Beauregard Parish Covered Arena Authority is fiscally dependent on the Beauregard Parish Police Jury. The police jury maintains and operates the covered arena in which the authority is located and provides funds for certain expenses of the authority. Because the Beauregard Parish Covered Arena Authority is fiscally dependent on the police jury, the authority was determined to be a component unit of the Beauregard Parish Police Jury, the financial reporting entity.

C. FUND ACCOUNTING

The covered arena authority uses a fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Proprietary Fund

The Proprietary fund accounts for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The proprietary funds focus is on income measurement, which together with the maintenance of equity is an important financial indicator. The proprietary fund is an enterprise fund.

1. Enterprise Fund - accounts for operations that are (a) financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The enterprise fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, money market accounts and time deposits. Cash equivalents include investments with original maturities of 90 days or less. Under state law, the covered arena authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the covered arena authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. FIXED ASSETS

Fixed assets of the covered arena authority are included on the balance sheet of the fund net of accumulated depreciation. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Infrastructure is capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of five to forty years for machinery, equipment, buildings and improvements respectively. Interest cost incurred during construction is not capitalized.

G. COMPENSATED ABSENCES

The covered arena authority does not provide for the accumulating and vesting of leave.

BEAUREGARD PARISH COVERED ARENA AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

H. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the enterprise fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

I. FASB PRONOUNCEMENTS

Beauregard Parish Covered Arena Authority has applied all applicable GASB (Government Accounting Standards Board) pronouncements as well as FASB (Financial Accounting Standards Board) statements and interpretations, APB (Accounting Principles Board) opinions and (ARB's) Accounting and Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Also, applied are all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

(2) CASH AND CASH EQUIVALENTS

As of December 31, 2002 and 2003, the covered arena authority has cash and cash equivalents (book balances) totaling \$ 21,122 and \$ 1,458 respectively as follows:

	2003	2002
Demand deposits	\$ 739	\$ 20,407
Savings account	288	284
Petty cash	431	431
Total	\$ 1,458	\$ 21,122

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times 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. At December 31, 2002 and 2003, the covered arena authority has \$ 21,021 and \$ 1,260 respectively in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

State statutes relating to cash and cash equivalents are located at Note 1E, "Cash and Cash Equivalents."

BEAUREGARD PARISH COVERED ARENA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(3) RECEIVABLES

The receivables as of December 31, 2002 and 2003 are as follows:

<u>Class of Receivable</u>	2003	2002
State of Louisiana		
Division of Administration		
Facility Planning and Control	\$ 12,402	\$ 5,660
Sales tax	8,971	5,834
Total receivable	\$ 21,373	\$ 11,494

(4) FIXED ASSETS

A summary of fixed assets as of December 31, 2002 and 2003 follows:

		2003		
	Useful Life	Estimated or Actual Cost	Accumulated Depreciation	Net
Buildings and improvements	20-40 years	\$ 57,515	\$ (4,309)	\$ 53,206
Parking lot and improvements	20-40 years	248,368	(10,708)	237,660
Furniture and fixtures	5-10 years	3,994	(1,188)	2,806
Vehicle	5 years	13,764	(4,129)	9,635
Machinery and equipment	5-10 years	35,889	(5,449)	30,440
Construction in progress		12,402	-	12,402
Totals		\$ 371,932	\$ (25,783)	\$ 346,149

		2002		
	Useful Life	Estimated or Actual Cost	Accumulated Depreciation	Net
Buildings and improvements	20-40 years	\$ 49,435	\$ (2,222)	\$ 47,213
Parking lot and improvements	20-40 years	241,492	(4,271)	237,221
Furniture and fixtures	5-10 years	3,994	(695)	3,299
Vehicle	5 years	13,764	(1,376)	12,388
Machinery and equipment	5-10 years	35,889	(1,385)	34,504
Totals		\$ 344,574	\$ (9,949)	\$ 334,625

BEAUREGARD PARISH COVERED ARENA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2003			December 31, 2003
	December 31, 2002	Additions	Deletions	
Buildings and improvements	\$ 49,435	\$ 8,080	\$ -	\$ 57,515
Parking lot and improvements	241,492	6,876	-	248,368
Furniture and fixtures	3,994	-	-	3,994
Vehicle	13,764	-	-	13,764
Machinery and equipment	35,889	-	-	35,889
Construction in progress	-	12,402	-	12,402
Totals	\$ 344,574	\$ 27,358	\$ -	\$ 371,932

	2002			December 31, 2002
	December 31, 2001	Additions	Deletions	
Buildings and improvements	\$ 16,127	\$ 33,308	\$ -	\$ 49,435
Parking lot and improvements	11,348	230,144	-	241,492
Furniture and fixtures	2,319	1,675	-	3,994
Vehicle	-	13,764	-	13,764
Machinery and equipment	-	35,889	-	35,889
Construction in progress	21,028	-	21,028	-
Totals	\$ 50,822	\$ 314,780	\$ 21,028	\$ 344,574

(5) RETIREMENT COMMENTS

All employees of the covered arena authority are members of the Federal Social Security System. The authority contributes 7.65% of gross salaries up to appropriate statutory limits to that system. The Federal Social Security administration administers the plan and pays benefits.

(6) PAYABLES

The payables of \$ 20,322 as of December 31, 2002 and 2003 are as follows:

	2003	2002
Suppliers and vendors	\$ 7,920	\$ 6,702
Contractors	12,402	24,149
Total payables	\$ 20,322	\$ 30,851

BEAUREGARD PARISH COVERED ARENA AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

(7) **CHANGES IN CONTRIBUTED CAPITAL**

The following is a summary of changes in contributed capital:

Balance at December 31, 2002	\$ 264,134
<u>Additions</u>	
State of Louisiana; Division of Administration	
Facility Planning and Control	27,358
Balance at December 31, 2003	<u>\$ 291,492</u>
Balance at December 31, 2001	\$ 21,028
<u>Additions</u>	
State of Louisiana; Division of Administration	
Facility Planning and Control	243,106
Balance at December 31, 2002	<u>\$ 264,134</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. James W. Blackmon, Director
Beauregard Parish Covered Arena Authority
P.O. Box 430
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I have audited the general-purpose financial statements of the Beauregard Parish Covered Arena Authority, a component unit of the Beauregard Parish Police Jury, DeRidder, Louisiana, as of and for the two years ended December 31, 2002 and 2003, and have issued my report thereon dated June 2, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Beauregard Parish Covered Arena Authority's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Beauregard Parish Covered Arena Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness

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is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, others within the organization, pass-through entities, the Legislative Auditor, the Beauregard Parish Police Jury and Beauregard Parish Covered Arena Authority's management and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John W. Windham, CPA

DeRidder, Louisiana
June 2, 2004