

**INDEPENDENT AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS
OF
WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
JUNE 30, 2004**

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 1-26-05

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**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

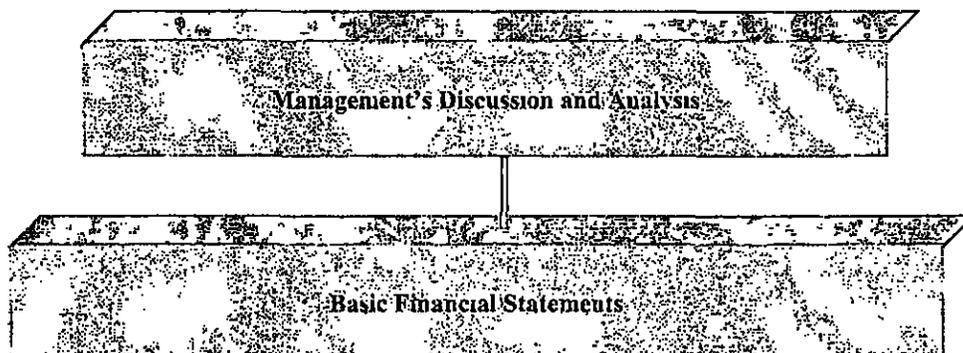
The Management's Discussion and Analysis of the West Calcasieu Parish Community Center Authority's financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at the close of the fiscal year 2004 by \$5,951,200. Of this amount, \$4,201,953 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to its users.
- The changes in net assets increased by \$1,563,272, resulting from the receipt of \$1,146,426 in capital contributions from the State of Louisiana, \$191,179 in capital contributions from the City of Sulphur, and \$100,000 from the Calcasieu Parish Police Jury under a cooperative endeavor.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections: Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

Basic Financial Statements

The basic financial statements present information for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 8) presents information showing how the Authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flow (pages 9) presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	<u>06/04</u>	<u>06/03</u>
Current and other assets	\$ 4,234,477	\$ 5,319,107
Restricted Assets	398,125	605,361
Capital assets	4,701,122	2,173,917
Total Assets	<u>\$ 9,333,724</u>	<u>\$ 8,098,385</u>
Other Liabilities	\$ 387,524	\$ 360,457
Long-term debts outstanding	2,995,000	3,350,000
Total Liabilities	<u>\$ 3,382,524</u>	<u>\$ 3,710,457</u>
Net Assets:		
Capital Assets- Net of Related Debt	\$ 1,351,122	\$ 1,506,083
Restricted	398,125	605,361
Unrestricted	4,201,953	2,276,484
Total Net Assets	<u>\$ 5,951,200</u>	<u>\$ 4,387,928</u>
Hotel/Motel Tax Revenue	\$ 349,453	\$506,776
Capital Contributions	1,337,605	344,595
Burton Tax	100,000	-
Interest Income	49,050	128,860
Total Revenue	<u>\$ 1,836,108</u>	<u>\$980,231</u>

**WEST CALCASIEU PARISH
COMMUNITY CENTER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

	<u>06/04</u>	<u>06/03</u>
Operating Revenues	\$ 398,503	\$ 635,636
Operating (Expenses)	<u>(97,826)</u>	<u>(47,547)</u>
Net Operating Income/(Loss)	300,677	588,089
Non-operating Revenues	100,000	-
Non-operating (Expenses)	<u>(175,010)</u>	<u>(191,208)</u>
Net Non-operating Income/(Loss)	225,667	396,881
Capital Contributions	<u>1,337,605</u>	<u>344,595</u>
Net Increase/(Decrease) In Net Assets	<u>\$ 1,563,272</u>	<u>\$ 741,476</u>

The overall financial position of the Authority improved in the year, primarily due to the receipt of Burton Tax Revenue and Revenue from the City of Sulphur to help off set some of the costs associated with the on going construction of the arena.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the Authority had \$4,701,122 in capital assets, net of accumulated depreciation. (See Table Below). This amount represents a net increase (including additions and deductions) of 2,527,205, over last year.

	<u>06/04</u>	<u>06/03</u>
Construction in Progress	\$ 3,604,774	\$ 1,103,752
Land	828,901	828,901
Land Improvements	238,508	238,508
Office Furniture and Equipment	11,636	7,805
Vehicle	26,699	-
Less Accumulated Depreciation	<u><9,396></u>	<u><5,049></u>
Totals	<u>\$ 4,701,122</u>	<u>\$ 2,173,917</u>

This year's Major Capital additions included above were:

Construction in progress (outdoor multipurpose arena)	\$2,501,022
Truck for director	\$26,699

As of June 30, 2004, the total contracted amount, with change orders, for the covered arena was \$3,625,543 of which \$2,779,163 had been paid.

The long-term debt balance decreased \$320,000 as principal was paid on the excess revenue bonds, decreasing the balance from \$4,000,000 to \$3,680,000 in the current year.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Adrian Moreno, West Calcasieu Parish Community Center Authority.

McMullen and Mancuso
Certified Public Accountants, LLC
P.O. Box 202

Lisa F. McMullen, CPA
Pamela C. Mancuso, CPA

3600 Maplewood Drive
Sulphur, Louisiana 70663

Telephone (337) 625-5054
Fax (337) 625-5849

INDEPENDENT AUDITORS' REPORT

To the Board
West Calcasieu Community Center Authority
Sulphur, Louisiana

We have audited the accompanying financial statements of West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Calcasieu Parish Community Center and Authority'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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Calcasieu Parish Center Authority as of June 30, 2004 and the change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2004 on our consideration of West Calcasieu Parish Community Center Authority's internal control over financial reporting and out tests 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

The management's discussion and analysis and supplemental information schedules on pages 1 through 4 and 19, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United

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of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McMullen and Mancuso CPAs

McMullen and Mancuso, CPAs, LLC
December 9, 2004

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**STATEMENT OF NET ASSETS
June 30, 2004**

Assets		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 1,923,280	
Investments (Note 3)	2,000,000	
Interest Receivable	7,548	
Grant Receivable	94,484	
Taxes Receivable	<u>159,387</u>	
Total Current Assets		4,184,699
Restricted Assets:		
Cash and Cash Equivalents - Restricted (Note 4)		398,125
Property and Equipment:		
Construction in Progress	3,604,774	
Land	828,901	
Land Improvements	238,508	
Office Furniture and Equipment	11,636	
Vehicle	26,699	
Less Accumulated Depreciation,	<u>(9,396)</u>	
Net Property and Equipment		4,701,122
Other Assets:		
Other Bond Issue Costs (net of \$13,909 amortization)		<u>49,778</u>
Total Assets		<u>\$ 9,333,724</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities (Payable from Current Assets):

Accounts Payable	\$ 2,688	
Payroll Taxes Payable	1,394	
Credit Card Payable	541	
Accrued Leave (Note 5)	<u>2,078</u>	
Total Current Liabilities Payable from Current Assets		6,701

Current Liabilities (Payable from Restricted Assets):

Interest Payable - Bonds	25,823	
Bonds Payable - Current (Note 7)	<u>355,000</u>	
Total Current Liabilities Payable from Restricted Assets		380,823

Bonds Payable - Long-Term (Note 7)

Total Liabilities		<u>2,995,000</u>
		3,382,524

NET ASSETS

Invested in Capital Assets, net of related debt	1,351,122	
Restricted for Construction Costs	326,745	
Restricted for Debt Service	71,380	
Unrestricted	<u>4,201,953</u>	
Total Net Assets		5,951,200
Total Liabilities and Net Assets		<u>\$ 9,333,724</u>

See Accompanying Notes to Financial Statements

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

For the Fiscal Year Ended June 30, 2004

Operating Revenues:		
Taxes - Hotel/Motel	\$ 349,453	
Interest Income	<u>49,050</u>	
Total Operating Revenues		\$ 398,503
Operating Expenses:		
Advertising and Publications	3,533	
Communications	4,564	
Depreciation	4,347	
Insurance	3,407	
Maintenance of Property and Equipment	4,804	
Office Supplies and Expense	4,395	
Other Expenses	299	
Payroll and Related Benefits	52,676	
Professional Fees	6,956	
Rentals	4,905	
Training and Safety	1,179	
Transportation, Lodging and Meals	4,895	
Utilities	<u>1,866</u>	
Total Operating Expenses		<u>97,826</u>
Operating Income (Loss)		300,677
Nonoperating Revenues (Expenses):		
Intergovernmental Revenue-Parish	100,000	
Amortization	(6,354)	
Interest Expense - Bonds	(167,656)	
Bond Paying Agent Fee	<u>(1,000)</u>	
Total Nonoperating Revenues (Expenses)		<u>(75,010)</u>
Income Before Contributions		225,667
Capital Contributions-State		1,146,426
Capital Contributions-City of Sulphur		<u>191,179</u>
Change in Net Assets		1,563,272
Net Assets - July 1, 2003		<u>4,387,928</u>
Net Assets - June 30, 2004		<u>\$ 5,951,200</u>

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**STATEMENT OF CASH (AND EQUIVALENTS) FLOWS
For the Fiscal Year Ended June 30, 2004**

Cash flows from operating activities:	
Taxes received	\$ 414,247
Interest income	69,828
Payments for goods and services	(37,573)
Payments to employees for services	<u>(51,294)</u>
Net cash provided by operating activities	395,208
Cash flows from capital and related financing activities:	
Purchase of property and equipment	(30,530)
Payments on construction in progress	(2,501,022)
Debt service on bond	(500,200)
Paying agent fee	(1,000)
Reduction in restricted cash accounts-net	207,236
Refund of bond issue costs	1,064
Receipt of Intergovernmental Revenue-Parish	100,000
Receipt of City of Sulphur Grant- State of Louisiana	191,179
Capital outlay grant receipt	<u>1,121,435</u>
Net cash used by capital and related financing activities	(1,411,838)
Cash flows from investing activities:	
Purchase of investments	(2,000,000)
Redemption of investments	<u>2,934,368</u>
Net cash provided by investing activities	<u>934,368</u>
Net increase (decrease) in cash and cash equivalents	(82,262)
Cash equivalents at beginning of year	2,005,542
Cash equivalents at end of year	<u>\$ 1,923,280</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 300,677
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,347
Decrease in taxes receivable	64,794
Decrease in interest receivable	20,778
Increase in accounts payable	2,688
Increase in payroll taxes payable	904
Increase in accrued leave	479
Increase in credit card payable	541
Total Adjustments	<u>94,531</u>
Net cash provided (used) by operating activities	<u>\$ 395,208</u>

See Accompanying Notes to the Financial Statements

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The West Calcasieu Parish Community Center Authority hereinafter referred to as “the authority” was created by the Legislators May 29, 1992. The purpose of the authority shall be to be build, maintain, and operate a rodeo arena, sports complex, or community center within the boundaries of Wards 4, 5, 6 and 7 of Calcasieu Parish.

The authority consists of seven members, all of which serve without compensation. The members of the authority are appointed as follows:

- The governing authority of each of the following municipalities appoints one member:
 - City of Sulphur
 - City of Westlake
 - City of Dequincy
 - Town of Vinton
 - One member is a resident of Ward 4, 5, 6, or 7 of Calcasieu Parish and is appointed to provide representation of any such ward not otherwise represented on the authority
 - Louisiana State Representative
 - Louisiana State Senator

- All of the members shall serve at the pleasure of respective appointing authority.

- A vacancy in the membership of the authority shall be filled in the same manner as the original appointment for the remainder of the unexpired term.

The geographic location of the authority is all wards west of the Calcasieu River to the Louisiana/Texas State line, south of the Calcasieu/Cameron Parish line and north to Starks and includes DeQuincy. The wards are 4, 5, 6, and 7 of Calcasieu Parish. The number of people to be served in wards 4, 5, 6, and 7 is approximately 60,000 – 65,000.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Authority. Component units are legally separate entities for which the Authority (the primary entity) is financially

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
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accountable. Financial accountability is defined as the ability to appoint a majority of the organization's governing body and either (1) the Authority's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. Using these criteria, the Authority has no component units.

B. Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows) report on all of the nonfiduciary activities of the primary government.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Authority are prepared in accordance with generally accepted accounting principals (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved statement No. 34 *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. For the first time, the financial statements include a management discussion and analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operation.

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recognized as soon as they both are 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 revenue to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available with the Authority receives the cash.

CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004

Fund Accounting

West Calcasieu Parish Community Center Authority is organized and operated as an Enterprise Fund whereby a self-balancing set of accounts is maintained that comprise its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services in a continuing basis be financed or recovered primarily through user charges and hotel motel taxes.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Authority receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses

Expenses are recognized on the accrual basis of accounting, which means that expenses are recognized at the time they are incurred.

D. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, 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.

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
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E. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and retirements during the year. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Land, land improvements, and construction in progress are not depreciated. The authority maintains a capitalization threshold of \$250. The Authority does not possess any infrastructure. Interest costs incurred during construction are not capitalized. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets life are not. Donated assets are valued at their fair market value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of five to seven years.

The following is a schedule of changes in fixed assets in the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>End of Year</u>
Land	\$ 828,901	\$	\$ 828,901
Land Improvements	238,508	-	238,508
Vehicles	-	26,699	26,699
Office Furniture and Equipment	7,805	3,831	11,636
Construction in Progress	<u>1,103,752</u>	<u>2,501,022</u>	<u>3,604,774</u>
Totals	2,178,966	2,531,552	4,710,518
Accumulated Depreciation	<u>(5,049)</u>	<u>(4,347)</u>	<u>(9,396)</u>
Net	<u>\$ 2,173,917</u>	<u>\$ 2,527,205</u>	<u>\$ 4,701,122</u>

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

G. Compensated Absences

The Authority has the following policy relating to vacation and sick leave:

Vacation

Each full-time employee shall be entitled to take vacation with pay in the following manner:

An employee of the Authority will earn one week's vacation after six (6) months from his/her hire date and it can be taken at the end of that period. After twelve (12) months service he/she is eligible for an additional week of vacation.

One year.....	2 weeks
More than three years.....	3 weeks
More than ten years.....	4 weeks
More than fifteen years.....	5 weeks
more than twenty years.....	6 weeks

Sick Leave

Sick leave shall be credited to regular employees at the rate of .0462 hours for each hour of work. Hours of work shall be defined as regular hours worked, holidays, and vacation time. (This is equivalent to eight (8) hours of sick leave per month.) This shall be granted to employees during the first year of continuous employment. After

one year of continuous employment, the employee shall accumulate sick leave at the rate of .0692 hours for each hour of work. (This is equivalent to twelve (12) hours of sick leave per month.) After reaching a 600-hour plateau of accumulated sick leave, an employee will accumulate sick leave at a rate of .1154 hours for each hour of sick leave and other miscellaneous paid leave. (This is equivalent to twenty (20) hours of sick leave per month.) If an employee shall fall below the 600-hour plateau due to extended illness, employees shall still retain the benefit of accumulating sick leave at a rate of .1154 hours for each hour worked plus sick leave and other miscellaneous paid leave.

The Authority's recognition and measurement criteria for compensated absences follow:

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GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits if both of the following conditions are met:

- a. *The employees' rights to receive compensation are attributable to services already rendered.*
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

H. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. The commitments (purchase orders, contracts, and other commitments for the expenditures of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management

I. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Authority, legislation or external restrictions by creditors, grantors, laws or regulations of other governments. The Authority's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

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**NOTES TO THE FINANCIAL STATEMENTS
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J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2004, the Authority had cash and cash equivalents (book balances) totaling \$2,321,405 as follows:

Non interest-bearing demand deposits-current	\$	100
Interest-bearing demand deposits - current		1,923,180
Interest-bearing demand deposits - restricted		<u>398,125</u>
Total	\$	<u><u>2,321,405</u></u>

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 the 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 June 30, 2004, the Authority had \$2,489,189 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$2,389,189 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 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 Authority that the fiscal agent has failed to pay deposited funds on demand.

Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, 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.

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CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

NOTE 3 - INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Authority's investment policy. Investments are reported at their fair value and are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the authority or its agent in the authority's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the authority's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the authority's name

At June 30, 2004, the Authority's investment balance was as follows:

Type of Investment	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Cost	
Certificates of Deposit	\$ -	\$ -	\$ 2,007,548	\$ 2,007,548	\$ 2,000,000	\$ 2,000,000
Total investments				<u>\$ 2,007,548</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

These investments are secured from risk by \$100,000 of federal deposit insurance and \$1,900,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAB Category 3).

NOTE 4 - RESTRICTED CASH

The Authority has established an account to be utilized for construction costs of the facilities. As of June 30, 2004, the amount restricted was \$326,745.

Trust funds have been established to provide for the retirement of principal and interest on the bond. These funds are held with a paying agent on behalf of the Authority. The balance at June 30, 2004 was \$71,380.

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

NOTE 5 – COMPENSATED ABSENCES

At June 30, 2004, the employee of the authority has accumulated and vested \$2,078 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; injuries to employees, and natural disasters. The authority has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur.

NOTE 7 - LONG TERM DEBT

The Authority issued \$4,000,000 in excess revenue bonds dated May 1, 2002, due in annual installments of \$320,000 - \$495,000 through May 1, 2012, plus interest at 4.625%. These certificates were issued for the purpose of providing a portion of the funds necessary to acquire and construct a multi-purpose arena and sports complex with all necessary equipment and furnishings.

Annual requirements to amortize the excess revenue bonds as of June 30, 2004 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Revenue</u> <u>Principal</u>	<u>Bonds</u> <u>Interest</u>
2005	\$ 355,000	\$ 154,938
2006	365,000	138,519
2007	385,000	121,638
2008	410,000	103,831
2009	425,000	84,868
Thereafter	1,410,000	132,737
	<u>\$ 3,350,000</u>	<u>\$ 736,531</u>

Changes in long term debt were as follows:

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

Bonds Payable - July 1, 2003	\$ 3,680,000
Bonds principal paid	<u>(330,000)</u>
Bonds Payable - June 30, 2004	<u>\$ 3,350,000</u>

NOTE 8 - RETIREMENT COMMITMENTS

The sole employee of the Authority participates in the Social Security system and retirement benefits are provided by that system.

NOTE 9 - FLOW OF FUNDS; RESTRICTIONS ON USE

Under the terms of the bond resolution on outstanding excess revenue bonds dated May 1, 2002, all excess revenues are irrevocably pledged and dedicated, as well as those funds and monies budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments on the outstanding certificates.

Pursuant to a Collection and Disbursement Contract by and between the Authority, and the State, through the Department of the Treasury (the "Treasury") and the Department (the "Department") of Revenue and Taxation, the Department agrees that, to the extent Tax Revenues are appropriated in each fiscal year by legislature as required by the Tax Act, it will transfer Tax Revenues from the West Calcasieu Parish Community Center Fund to the Revenue fund established by the Certificate Resolution with the Paying Agent / Registrar for the Certificate.

In order that the principal and interest of the Certificate will be paid in accordance with their terms and for other objects and purposes, the following special trust funds have been established, to be maintained and held by the Paying Agent / Registrar, for and on behalf of the holders of the certificates:

- (1) Series 2002 Excess Revenue Certificates of Indebtedness Fund (the "Revenue Fund");
and
- (2) Series 2002 Excess Revenue Certificates of Indebtedness Sinking Fund (the "Sinking Fund").

**CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2004**

NOTE 10 – CAPITAL CONTRIBUTIONS

The Authority was the recipient of a State Capital Outlay Grant in 2002 Regular Session of the Louisiana Legislature to be used for the construction of a multi-purpose outdoor arena. The grant is a \$3,655,000 local match grant. Total state funding is \$2,000,000 including a non-cash line of credit of \$1,100,000. \$1,051,942 was received in the year ended June 30, 2004.

The Authority entered into a joint service agreement with the City of Sulphur to provide for the laying of water lines to provide potable water, fire protection, and water for industrial use. The Authority received \$191,179 from the City of Sulphur in the fiscal year ended June 30, 2004, under this agreement.

NOTE 11 – INTERGOVERNMENTAL REVENUE

The District entered into a cooperative agreement with the Calcasieu Parish Police Jury to provide for an annual contribution of \$100,000 from the Burton Coliseum and Agricultural Services tax for a period of ten (10) years beginning January 1, 2004.

NOTE 12 – CONSTRUCTION COMMITMENTS

Construction is ongoing for the multi-purpose outdoor arena. The total contracted amount to complete construction with change orders is \$3,625,543. Of this, \$846,380 was outstanding at June 30, 2004.

NOTE 13 – ECONOMIC DEPENDENCY

The Authority relies on the appropriation from the State of Louisiana from the Hotel Occupancy Tax funds to provide for the payment of bond principal and interest. If the State does not continue to appropriate funds for the Authority, their ability to retire their debt would be significantly affected.

NOTE 14 – LEASES

The Authority leases the facilities for its offices on a month to month basis. Lease expense for the office facilities was \$4,644 in the year ended June 30, 2004.

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2004**

Compensation Paid Board Members

Board members received no compensation from the authority in the year ended June 30, 2004.

Prior Audit Findings

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 1).

Current Audit Findings

There were no audit findings in the current year.

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

Schedule 1

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
as of and for the year ended June 30, 2004**

Section I - Internal Control and Compliance Material to the Financial Statements:
There were no prior year findings related to internal control of and compliance material to the financial statements
Section II - Management Letter:
No Management Letter was issued in the prior year.

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

Schedule 2

Corrective Action Plan for
Current Year Audit Findings
For the Year Ended June 30, 2004

Section I – Internal Control and Compliance Material to the Financial Statements:

There were no findings on internal control or compliance material to the financial statements.

Section II – Management Letter:

2004-01 Backup Procedures

We are researching possible alternatives and will begin back up procedures including off-site storage of the media.

McMullen and Mancuso
Certified Public Accountants, LLC
P.O. Box 202

Lisa F. McMullen, CPA
Pamela C. Mancuso, CPA

3600 Maplewood Drive
Sulphur, Louisiana 70663

Telephone (337) 625-5054
Fax (337) 625-5849

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Board
West Calcasieu Parish Community
Center Authority
Sulphur, Louisiana

We have audited the financial statements of the West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued our report thereon dated December 9, 2004. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

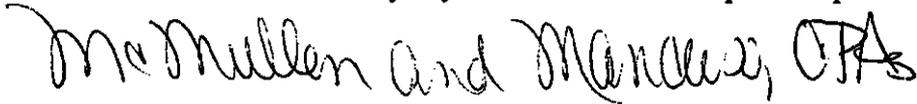
As part of obtaining reasonable assurance about whether the West Calcasieu Parish Community Center and Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered West Calcasieu Parish Community Center Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not provide assurance on the internal control over financial reporting. Our 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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the West Calcasieu Parish Community Center Authority's management, others within the organization, the Authority's Board of Directors and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "McMullen and Mancuso, CPAs". The signature is written in a cursive, flowing style.

McMullen and Mancuso, CPAs, LLC
December 9, 2004

McMullen and Mancuso
Certified Public Accountants, LLC
P.O. Box 202

Lisa F. McMullen, CPA
Pamela C. Mancuso, CPA

3600 Maplewood Drive
Sulphur, Louisiana 70663

Telephone (337) 625-5054
Fax (337) 625-5849

Management Letter

December 9, 2004

West Calcasieu Parish
Community Center Authority
Sulphur, Louisiana

In planning and performing our audit of the financial statements of West Calcasieu Parish Community Center Authority for the year ended June 30, 2004, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness 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 caused by error of fraud in amounts that would be material in relation to the 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. However, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency. This letter summarizes our comments and suggestions concerning those matters.

2004-01 Computer Back up Procedures

At present the Authority does not back up data on its computers. We recommend that the Authority consider adopting one of more of the following reasonably priced alternative backup methods, which can address these shortcomings as well as address additional data security issues:

- Zip Drive and Jump Drive. The ZIP disk can hold larger volumes of data than the diskette the Company currently uses; they can store more data than 170 standard diskettes.
- CD-ROM. The CD has the capacity of more than 400 standard diskettes can be reused.

- DVD. The DVD can hold more data than six CD-ROMs.
- Magnetic Tape Drive. The tape drive can hold very large amounts of data; however, it is relatively slow.
- Online Storage. The preceding methods address the capacity shortcoming of the Authority's present backup method, but they require additional storage devices and still require physical transport to the off-site location. A possible solution could be to have two or more key employees' home computers using special software applications. Alternatively, the Authority could contract with an outside vendor for online storage service, which involves sending backup data over the Internet to the host storage site. Some of these backup-recovery service providers (BRSP) offer real-time copying of data as well as retrieval and restoration service for lost data.
- Automatic Backup Software. Specialized software products are available that automatically copy data from the hard drive and store it on another medium.

In addition to backing up data, the Authority should also back up and store operating systems applications, and the emergency startup diskettes or CDs necessary for booting the computer. Also, it is important to keep these startup diskettes updated for changes made to the computer hardware.

Because one of the main reasons for creating backup files is to be able to recover information in the event of disaster, such as fire or water damage backup files should be stored off-site. An effective method for storage of backup files may be through the use of three computer disks. Rotation of the three disks would ensure that backup information would be available in the event of disk failure.

The comments and recommendations are intended solely for the information and use of the board of directors, management, and others within the organization and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

McMullen and Mancuso, CPAs

McMullen and Mancuso CPAs, LLC