

Rapides Parish Coliseum Authority

Alexandria, Louisiana

August 31, 2017

Rapides Parish Coliseum Authority

August 31, 2017

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Jurors and
Bruce Kelly, Treasurer
Rapides Parish Police Jury
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 eight months ended August 31, 2017, 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.

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PAYNE, MOORE & HERRINGTON, LLP

To the Jurors and
Bruce Kelly, Treasurer
Rapides Parish Police Jury

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 August 31, 2017, and the respective changes in financial position and cash flows thereof for the eight months 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 that collectively comprise the Rapides Parish Coliseum Authority's basic financial statements. 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 Jurors and
Bruce Kelly, Treasurer
Rapides Parish Police Jury

Emphasis of Matter

As disclosed in Note 1, the Rapides Parish Coliseum Authority and its board of commissioners were dissolved by action of the Rapides Parish Police Jury as of August 31, 2017. The financial statements herein reflect the financial position, results of operations, and cash flows of the Authority as of and for the eight months ended August 31, 2017. All assets and liabilities of the Authority that existed as of August 31, 2017 transferred to Rapides Parish Police Jury effective September 1, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2018, 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.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

February 19, 2018

Basic Financial Statements

Rapides Parish Coliseum Authority
Statement of Net Position
August 31, 2017

Exhibit A

Assets		
Cash and cash equivalents		\$ 301,085
Capital assets		
Furniture, fixtures, and equipment	1,024,216	
Buildings and improvements	638,255	
Accumulated depreciation	(51,486)	1,610,985
Total Assets		1,912,070
Liabilities		
Accounts payable		82,772
Due to other governmental agencies		407,287
Advance deposits payable		19,409
Short-term compensated absences		30,412
Total Liabilities		539,880
Net Position		
Net investment in capital assets		1,610,985
Restricted		21,246
Unrestricted		(260,041)
Net Position		\$ 1,372,190

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

Rapides Parish Coliseum Authority
Statement of Revenues, Expenses, and Changes in Net Position
Eight Months Ended August 31, 2017

Exhibit B

Operating Revenues	
Charges for services	\$ 138,841
Rental income	126,454
Concession/Souvenir sales	<u>2,445</u>
Total Operating Revenues	267,740
 Operating Expenses	
Culture and Recreation - Spectator Recreation Facility:	
Personal services and related benefits	443,956
Operating services	473,450
Concession and souvenir supplies	3,669
Maintenance and supplies	356,243
Depreciation	<u>38,511</u>
Total Operating Expenses	<u>1,315,829</u>
Operating Income (Loss)	<u>(1,048,089)</u>
 Nonoperating Revenues (Expenses)	
Interest income	1,248
Property taxes - general purpose	417
Intergovernmental grants and appropriations	<u>58,800</u>
Total Nonoperating Revenues (Expenses)	<u>60,465</u>
 Change in Net Position	 (987,624)
 Total Net Position - Beginning of Year	 <u>2,359,814</u>
 Total Net Position - End of Year	 <u><u>\$ 1,372,190</u></u>

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

**Rapides Parish Coliseum Authority
Statement of Cash Flows
Eight Months Ended August 31, 2017**

**Exhibit C
(Continued)**

Cash Flows from Operating Activities	
Receipts from customers	\$ 267,740
Advance deposits payable	16,409
Payments to suppliers for goods and services	(339,802)
Payments to employees for services and benefit costs	(404,253)
Net Cash Provided by (Used in) Operating Activities	<u>(459,906)</u>
 Cash Flows from Noncapital Financing Activities	
Intergovernmental grants and appropriations	58,800
Property taxes received for general purposes	775,956
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>834,756</u>
 Cash Flows from Capital and Related Financing Activities	
Acquisition, construction, and transfer of capital assets	(1,448,053)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,448,053)</u>
 Cash Flows from Investing Activities	
Interest received on interest-bearing deposits	1,248
Net Cash Provided by (Used in) Investing Activities	<u>1,248</u>
 Change in Cash and Cash Equivalents	 (1,071,955)
 Cash and Cash Equivalents, Beginning of Year	 <u>1,373,040</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 301,085</u>
 Classified As:	
Unrestricted cash and equivalents	\$ 301,085
Total	<u>\$ 301,085</u>

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

**Rapides Parish Coliseum Authority
Statement of Cash Flows
Eight Months Ended August 31, 2017**

**Exhibit C
(Concluded)**

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

Operating loss	\$ (1,048,089)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	38,511
Changes in assets and liabilities:	
Prepaid expenses	3,500
Deferred outflows of resources	12,860
Accounts payable	82,772
Due to other governmental agencies	407,287
Advance deposits payable	16,410
Short-term compensated absences	26,843
Total Adjustments	588,183
Net Cash Provided by (Used in) Operating Activities	\$ (459,906)

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

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies

The accompanying financial statements of the Rapides Parish Coliseum Authority (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 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. The Rapides Parish Police Jury voted to dissolve and revoke the existence of the Authority and its board of commissioners effective August 31, 2017.

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.

Rapides Parish Coliseum Authority
August 31, 2017

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 Authority'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.

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 with an acquisition cost of at least \$500 and an estimated useful life of more than three years, acquired 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 40 years.

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

Due to Other Governmental Agencies

The amount reported as due to other governmental agencies reflects expenditures paid in excess of deposits made with Rapides Parish Police Jury as agent for the Authority as of August 31, 2017. Collections from coliseum events, ad valorem taxes, and transfers from the Authority's bank account are expected to be received to satisfy this obligation.

Advance Deposits Payable

Advance deposits payable at August 31, 2017 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.

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

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 the eight months ended August 31, 2017, 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.

Upon dissolution of the Authority, all employees and related liabilities reverted to Rapides Parish Police Jury, therefore, no provision for liabilities associated with pensions and postemployment benefits are reflected in the accompanying financial statements.

2. Cash and Cash Equivalents

At August 31, 2017, the Authority had cash and cash equivalents (book balances) consisting of \$301,085 held in a demand deposit account in the name of the Authority. 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 federal depository insurance or collateral held by the Authority or its agent in the Authority's name.

3. Capital Assets and Depreciation

Capital asset activity for the eight months ended August 31, 2017, was as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>08/31/17</u>
Capital assets, nondepreciable				
Construction in progress	\$ 202,844	\$ -	\$ 202,844	\$ -

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

	Balance 12/31/16	Increases	Decreases	Balance 08/31/17
Capital assets, depreciable				
Furniture, fixtures, and equipment	31,858	992,358	-	1,024,216
Buildings and improvements	-	638,255	-	638,255
Total capital assets, depreciable	31,858	1,630,613	-	1,662,471
Less				
Accumulated depreciation				
Furniture, fixtures, and equipment	12,975	29,203	-	42,178
Buildings and improvements	-	9,308	-	9,308
Total accumulated depreciation	12,975	38,511	-	51,486
Total capital assets, depreciable, net	18,883	1,592,102	-	1,610,985
Net Capital Assets	\$ 221,727	\$ 1,592,102	\$ 202,844	\$ 1,610,985

Depreciation expense for the eight months ended August 31, 2017 amounted to \$38,511

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

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

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.

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

<u>Balance</u> <u>12/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>08/31/2017</u>
\$ 3,569	\$ 26,843	\$ -	\$ 30,412

All compensated absences at period end are classified as short-term. Liabilities due to employees related to compensated absences as of August 31, 2017 were paid to them on September 15, 2017.

6. Restricted Funds

In 2016, restricted funds of \$175,000 was given to the Authority 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 to attract and host basketball events in the coliseum. As of August 31, 2017, \$21,246 remained unspent and is reported as restricted funds in the accompanying financial statements.

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 employees, 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.

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

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:

<u>Year Ended</u> <u>December 31:</u>	<u>Operating</u> <u>Revenues</u>	<u>Operating</u> <u>Expenses</u>	<u>Deficit</u>
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)
2017 (1)	267,740	1,315,829	(1,048,089)

(1) Eight months ended August 31, 2017.

During the years ending December 31, 2014, 2015, and 2016, the coliseum was closed for renovations.

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.

Rapides Parish Coliseum Authority
August 31, 2017

Notes to Basic Financial Statements

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 complex. The assessment of taxes on property associated with revenue for funding improvements, maintenance, and operations of the coliseum occurs during the latter part of the calendar year and taxes are due by December 31. As of the financial statement date, notices were not sent to property owners and no provision for property tax revenue is reported in the accompanying financial statements. Assessments and collections for the calendar year ending December 31, 2017 will be reported in the primary government financial statements of Rapides Parish Police Jury, which will include activities of the coliseum complex subsequent to the Authority's dissolution on August 31, 2017.

10. Commitments, Contingencies, and Subsequent Events

The bonds referred to in Note 9 were issued under Parish of Rapides, State of Louisiana, and are reported in financial statements of the Rapides Parish Police Jury.

Supplemental Information

**Rapides Parish Coliseum Authority
 Schedule of Compensation, Benefits and Other Payments to
 Agency Head or Chief Executive Officer
 Eight Months Ended August 31, 2017**

Schedule 1

Agency Head Name: Richard Karamatic, Executive Director

Purpose	Amount
Salary	\$ 35,164
Benefits-insurance	6,580
Benefits-retirement	4,106
Benefits-life insurance	49
Car allowance	916
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
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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**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 Jurors and
Bruce Kelly, Treasurer
Rapides Parish Police Jury

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 eight months ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 19, 2018.

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 2017-001, 2017-003, and 2017-004 in the accompanying schedule of findings and responses to be material weaknesses.

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JONEAO, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.
REBECCA G. NATION, C.P.A.
EVELYN T. RENFROW, C.P.A.

22



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PAYNE, MOORE & HERRINGTON, LLP

To the Jurors and
Bruce Kelly, Treasurer
Rapides Parish Police Jury

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-002 and 2017-005.

Management's Response to Findings

Management's response to the findings identified in our audit is described in the management's corrective action plan. Management'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.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

February 19, 2018

Schedule of Findings and Responses

**Rapides Parish Coliseum Authority
Schedule of Findings and Responses
August 31, 2017**

Section I - Summary of Auditor's Results

Financial Statements

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

Section II – Findings related to the Financial Statements

Finding 2017-001: 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.

Condition and Context: During the period under audit, the Rapides Parish Police Jury performed some functions related to procurement, payroll, and financial reporting as the agent for Rapides Parish Coliseum Authority while the Authority's executive director and staff performed some functions. Decision making and mutual consent was not well documented or communicated among management, the Authority's board of commissioners, and the Rapides Parish Police Jury. Operational and accounting policies for significant processes and functions were not fully developed, adopted, and implemented for the operations of the coliseum, including policies related to accounting, reconciling, and closing out of events. While the Authority has oversight responsibility for operations, there is no evidence that full financial data was regularly provided to the board of commissioners for review and approval. It was

**Rapides Parish Coliseum Authority
Schedule of Findings and Responses
August 31, 2017**

unclear who had authority to initiate and approve expenditures, hire and terminate employees, negotiate and execute contracts, 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 fully established and implemented for the operations of the coliseum, including policies related to accounting, reconciling, and close out of events. Evidence to verify the adequacy of financial oversight, who had authority to initiate and approve expenditures, hire and terminate employees, negotiate and execute contracts, and otherwise make operational decisions was not well documented. The Executive Director resigned on May 19, 2017.

Recommendation: We are aware that the Authority and its board of commissioners were dissolved effective August 31, 2017, and that the primary government has engaged a third party facility manager to oversee operations of the coliseum. To the extent deemed necessary by the Rapides Parish Police Jury, we recommend that responsibilities of the Jury, its personnel, and the third party management group be evaluated and well communicated to all parties. Since the primary government remains responsible for the coliseum, we recommend that the agency functions entrusted to the third party management company be sufficiently supervised and monitored by designated Police Jury personnel to ensure proper accountability and use of public funds.

We further recommend that, to the extent deemed necessary, contracts, expenditures, and event accounting be reviewed and improprieties, if any, be appropriately addressed.

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

Finding 2017-002: Compliance with Louisiana Bid Law

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

Condition and Context: Our examination of items purchased that exceeded \$10,000 revealed that four of twenty-eight purchases examined lacked evidence that three price quotations were obtained.

Cause and Effect: Purchases were 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 Louisiana Public Bid Law, R.S. 38:2212.

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

Finding 2017-003: 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 upon discovery by Authority personnel and no charges or arrests have been made as of the date of this report.

**Rapides Parish Coliseum Authority
Schedule of Findings and Responses
August 31, 2017**

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.

Finding 2017-004: Procurement and Purchasing Process Deficiencies

Criteria: Policies and procedures related to procurement and purchasing should clearly outline the specific lines of authority and processes for initiating, authorizing, and approving purchases and contracts.

Condition and Context: The Authority adopted the accounting policies of Rapides Parish Police Jury in 2013, which required that all purchases be made after obtaining a purchase order number, unless the purchase is made during non-business hours, is for a recurring monthly expense, or is deemed an emergency. On March 30, 2017, the Authority adopted a procurement and purchasing policy that required purchase orders for all purchases to be completed in advance and submitted to the executive director, then the finance committee chairman for approval. The new policy also required that any contracts must be presented and approved before the Authority's board of commissioners in advance of execution. During the period under audit, it appears that the initiation, authorization, and approval functions related to purchases and contracts were not centralized and authority to initiate, authorize, and approve transactions was unclear.

During our examination of expenses, we noted nine of thirty-four transactions for which purchase orders were completed and approved after the invoice date. We have also been made aware that certain contracts may have been initiated and executed without consent of the Authority's board of commissioners or finance committee chairman. We understand that the Authority's legal counsel was engaged to review all existing contracts and to make recommendations to the Authority about the terms, conditions, and justification for continuing or canceling those contracts.

Cause and Effect: The procurement and purchasing functions were not clearly defined throughout the audit period, therefore, purchase orders and contracts were not initiated, authorized, and approved through a centralized process or by the Authority's board of commissioners.

Recommendation: Because the Authority and its board of commissioners were dissolved effective August 31, 2017, we recommend that the appropriate Jury personnel review purchases and contracts made during the period under audit and address, to the extent considered necessary, any purchases or contracts that may not have been properly authorized or in the best interest of the Authority.

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

**Rapides Parish Coliseum Authority
Schedule of Findings and Responses
August 31, 2017**

Finding 2017-005: Allegations of Misuse of Public Funds

Criteria: Resources of a public entity may only be used for public purposes and in accordance with laws and regulations.

Condition and Context: On or about May 19, 2017, the Authority's 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 grand opening event and gala included public tours of the facility, a ribbon-cutting ceremony, and an evening gala event held on February 11, 2017. Tickets and sponsorships for the gala were available for purchase by the public. Proceeds from the gala totaled \$62,487 and expenses for the grand opening events totaled \$79,044, resulting in a loss of \$16,557. The funding of the deficit for the grand opening events from other Authority funds has been reported to the auditors by legal counsel and the District Attorney to be an alleged misuse of public funds.

During our audit, sources reported that on or about March 28, 2017, an employee or employees of the Authority were reportedly compensated indirectly to construct a section of fencing on coliseum property during regular work hours. Payment of \$2,000 was made to an individual not employed by the Authority from an invoice dated March 22, 2017, and approved by the former executive director for 'building tools and labor for wooden fence'. The invoice references purchase order number 43340 dated March 27, 2017, five days after the invoice date. A Form 1099-MISC was issued to the payee reporting nonemployee compensation of \$2,176.75. We also examined receipts totaling \$1,013.10 for fencing materials purchased on the Rapides Parish Police Jury's Home Depot charge account on March 14, 2017. Employee time records are not maintained in a manner that details the specific functions being performed by an employee during the work day, and there is no valid documentation that affirms the exact time and date the alleged fencing work occurred.

Cause and Effect: The Authority's legal counsel and the District Attorney's office alleges that funding of the deficit from the grand opening and gala events may constitute a misuse of public funds.

An employee or employees of the Authority were reportedly compensated indirectly for fencing work that was performed during regular work hours. If these payments were made as alleged, parties involved in the authorization and performance of the work may be in violation of Louisiana RS 14:134 and possible other statutes.

Recommendation: We recommend that all matters alleging misconduct or misuse of public funds be evaluated by Jury personnel and its legal counsel and that responses to such evaluations be made in accordance with laws and provisions governing public entities. Where uncertainty about the legality of transactions or matters exist, we recommend that the Jury seek opinion from the attorney general, the Louisiana Legislative Auditor, or other authoritative sources. Should the Jury's inquiries reveal that violations have in fact occurred, legal proceedings and remedies should promptly be initiated.

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

Management's Corrective Action Plan

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Schedule of Findings and Responses August 31, 2017

The management of Rapides Parish Police Jury respectfully submits the following corrective action plan for the eight months ended August 31, 2017.

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
701 Murray Street
Alexandria, LA 71309

Audit Period: January 1, 2017 through August 31, 2017

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 2017-001: Organizational Structure, Oversight, and Financial Reporting Functions

Condition and Context: During the period under audit, the Rapides Parish Police Jury performed some functions related to procurement, payroll, and financial reporting as the agent for Rapides Parish Coliseum Authority while the Authority's executive director and staff performed some functions. Decision making and mutual consent was not well documented or communicated among management, the Authority's board of commissioners, and the Rapides Parish Police Jury. Operational and accounting policies for significant processes and functions were not fully developed, adopted, and implemented for the operations of the coliseum, including policies related to accounting, reconciling, and closing out of events. While the Authority has oversight responsibility for operations, there is no evidence that full 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, negotiate and execute contracts, or otherwise make operational decisions.

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Recommendation: We are aware that the Authority and its board of commissioners were dissolved effective August 31, 2017, and that the primary government has engaged a third party facility manager to oversee operations of the coliseum. To the extent deemed necessary by the Rapides Parish Police Jury, we recommend that responsibilities of the Jury, its personnel, and the third party management group be evaluated and well communicated to all parties. Since the primary government remains responsible for the coliseum, we recommend that the agency functions entrusted to the third party management company be sufficiently supervised and monitored by designated Jury personnel to ensure proper accountability and use of public funds.

We further recommend that, to the extent deemed necessary, contracts, expenditures, and event accounting be reviewed and improprieties, if any, be appropriately addressed.

Management's Response: Management concurs with this finding and dissolved the Authority effective August 31, 2017 and contracted a professional facility management company to provide operations and management services.

Finding 2017-002: Compliance with Louisiana Bid Law

Condition and Context: Our examination of items purchased that exceeded \$10,000 revealed that four of twenty-eight purchases examined lacked evidence that three price quotations were obtained.

Recommendation: We recommend that all purchases be made in accordance with the provisions Louisiana Public Bid Law, R.S. 38:2212.

Management's Response: Management concurs with this finding and dissolved the Authority effective August 31, 2017 and contracted a professional facility management company to provide operations and management services.

Finding 2017-003: Theft of Assets

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 upon discovery by Authority personnel and no charges or arrests have been made as of the date of this report.

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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: Management concurs with this finding and dissolved the Authority effective August 31, 2017 and contracted a professional facility management company to provide operations and management services.

Finding 2017-004: Procurement and Purchasing Process Deficiencies

Condition and Context: The Authority adopted the accounting policies of Rapides Parish Police Jury in 2013, which required that all purchases be made after obtaining a purchase order number, unless the purchase is made during non-business hours, is for a recurring monthly expense, or is deemed an emergency. On March 30, 2017, the Authority adopted a procurement and purchasing policy that required purchase orders for all purchases to be completed in advance and submitted to the executive director then the finance committee chairman for approval. The new policy also required that any contracts must be presented and approved before the Authority's board of commissioners in advance of execution. During the period under audit, it appears that the initiation, authorization, and approval functions related to purchases and contracts were not centralized and authority to initiate, authorize, and approve transactions was unclear.

During our examination of expenses, we noted nine of thirty-four transactions for which purchase orders were completed and approved after the invoice date. We have also been made aware that certain contracts may have been initiated and executed without the full consent of the Authority board of commissioners or finance committee chairman. We understand that the Authority's legal counsel was engaged to review all existing contracts and to make recommendations to the Authority about the terms, conditions, and justification for continuing or canceling those contracts.

Recommendation: Because the Authority and its board of commissioners were dissolved effective August 31, 2017, we recommend that the appropriate Jury personnel review purchases and contracts made during the period under audit and address, to the extent considered necessary, any purchases or contracts that may not have been properly authorized or in the best interest of the Authority.

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Management's Response: Management concurs with this finding and dissolved the Authority effective August 31, 2017 and contracted a professional facility management company to provide operations and management services.

Finding 2017-005: Allegations of Misuse of Public Funds

Condition and Context: On or about May 19, 2017, the Authority's 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 grand opening event and gala included public tours of the facility, a ribbon-cutting ceremony, and an evening gala event held on February 11, 2017. Tickets and sponsorships for the gala event were available for purchase by the public. Proceeds from the gala event totaled \$62,487 and expenses for the grand opening events totaled \$79,044 resulting in a loss of \$16,557. The funding of the deficit for the grand opening events from other Authority funds has been reported to the auditors by legal counsel and the District Attorney to be an alleged misuse of public funds.

During our audit, sources reported that on or about March 28, 2017 an employee or employees of the Authority were reportedly compensated indirectly to construct a section of fencing on coliseum property during regular work hours. Payment of \$2,000 was made to an individual not employed by the Authority from an invoice dated March 22, 2017 and approved by the former executive director for 'building tools and labor for wooden fence'. The invoice references purchase order number 43340 dated March 27, 2017, five days after the invoice date. A Form 1099-MISC was issued to the payee reporting nonemployee compensation of \$2,176.75. We also examined receipts totaling \$1,013.10 for fencing materials purchased on the Rapides Parish Police Jury's Home Depot charge account on March 14, 2017. Employee time records are not maintained in a manner that details the specific functions being performed by an employee during the work day and there is no valid documentation that affirms the exact time and date the alleged fencing work occurred.

Recommendation: We recommend that all matters alleging misconduct or misuse of public funds be evaluated by Jury personnel and its legal counsel and that responses to such evaluations be made in accordance with laws and provisions governing public entities. Where uncertainty about the legality of transactions or matters exist, we recommend that the Jury seek opinion from the attorney general, the Louisiana Legislative Auditor, or other authoritative sources. Should the Jury's inquiries reveal that violations have in fact occurred, legal proceedings and remedies should promptly be initiated.

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Management's Response: Relevant Facts: The renovations to the Rapides Coliseum effectively double the square footage of the facility adding multi-purpose rooms, meeting rooms and executive suites. Two 2100 square foot multi-purpose rooms and four 700 square foot meeting rooms are now available for banquets, private parties, classrooms or boardroom meetings which have never been held at the Coliseum. In an effort to create awareness and build relationships with potential customers a grand opening was held for local business people, press and local politicians as well as the general public. The grand opening showcased the multi-purpose rooms, meeting rooms and suites.

Management does not agree with finding and cedes State of Louisiana Attorney General Opinion 10-0268. The Town of Jonesboro requested an opinion with respect to spending money for entertainment and attractions, as allocated in the budget by the Board of Alderman. This opinion further refers to State of Louisiana Attorney General Opinion 02-0157 addressing whether it was proper for the Rapides Parish Police Jury to expend public funds to support an entertainment activity. Noting that La. R.S. 51-1201 authorizes parishes, municipalities, and port authorities to advertise as they deem appropriate to promote, encourage, and develop industry, trade and commerce. The opinion stated that if the Police Jury's participation in this event was for this purpose, this was a permissible expenditure of public funds. (See Attachments A, B, and C)

With respect to the discovery of an employee or employees of the coliseum being compensated indirectly to construct a section of fencing on coliseum property during work hours, management concurs with this finding and dissolved the Authority effective August 31, 2017 and contracted a professional facility management company to provide operations and management services.

Respectfully Submitted
Bruce Kelly
Treasurer



JAMES D. "BUDDY" CALDWELL
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
P.O. BOX 94005
BATON ROUGE
70804-9005

FEB 10 2011
OPINION 10-0268

3 - APPROPRIATIONS
90 - A - 1 - PUBLIC FUNDS AND CONTRACTS

Honorable Leslie Thompson
Mayor, Town of Jonesboro
Post Office Box 610
Jonesboro, LA 71251

La. Const. art. VII, §14 La. R.S. 33:321 et seq.
La. R.S. 39:1301 et seq. La. R.S. 33:404
La. R.S. 39:1311 La. R.S. 51:1201

The Mayor has the authority to expend public funds to promote, encourage, and develop industry, trade and commerce, which may include the Town hosting a music event, if the funding for the event does not exceed the amount allocated by the Board of Aldermen in the funds budgeted for the purpose of entertainment and attractions.

Dear Mayor Thompson:

Our office received an opinion request from you concerning the authority of the Mayor of Jonesboro with respect to spending money for entertainment and attractions, as allocated in the budget by the Board of Aldermen. Your letter indicates that the Town of Jonesboro has hosted a gospel concert for the past two years. Recently, however, members of the Board of Aldermen have expressed concern over whether this is an allowable use of taxpayer dollars. In particular, your letter asks our office to address whether the Mayor has the authority to host an event such as a gospel concert if the funding for the event does not exceed the amount allocated by the Board of Aldermen in the funds budgeted for the purpose of entertainment and attractions.

The Town of Jonesboro operates under the Lawrason Act, La. R.S. 33:321-463. A duty of the Mayor, as described by La. R.S. 33:404(A)(5), is to prepare and submit an annual operational budget to the Board of Aldermen in accordance with the Louisiana Local Government Budget Act, La. R.S. 39:1301-1315. Consistent with La. R.S. 39:1311(C),

[t]he adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year.

As the above indicates, the chief executive officer, which is the Mayor in this case, has the authority to incur liabilities and authorize expenditures within the bounds of the amount allocated for such in the adopted or amended budget. See also La. Atty. Gen. Op. Nos. 09-0132, 06-0053, 03-0355, 01-14. Therefore, the authorization by the Mayor to utilize money budgeted for entertainment purposes for a gospel concert does not violate the Louisiana Local Budgetary Act.

OPINION 10-0268
Mr. Leslie Thompson
Page No. 2

Although your request does not provide the requisite information to determine whether or not there are other constitutional considerations, we caution you as to the potential applicability of La. Const. art. VII, §14.¹ Because this issue involves the expenditure of public funds, La. Const. art. VII, §14 must be considered, which provides, in pertinent part:

Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private ...

In *Board of Directors of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. v. All Taxpayers, Property Owners, Citizens of the City of Gonzales, et al.*, 2005-2298 (La. 9/6/06), 938 So.2d 11 (the "Cabela's" case), the Louisiana Supreme Court abandoned its prior analysis in *City of Port Allen v. Louisiana Mun. Risk Mgmt. Agency, Inc.*, 439 So.2d 399 (La. 1983), and articulated a new standard of review governing La. Const. art. VII, § 14(A), stating that La. Const. art. VII, § 14(A) "is violated when public funds or property are gratuitously alienated." *Cabela's*, 938 So.2d at 20.

In light of the *Cabela's* case, it is the opinion of this office that in order for an expenditure or transfer of public funds to be permissible under Art. VII, Sec. 14(A), the public entity must have the legal authority to make the expenditure and must show: (i) a public purpose for the expenditure or transfer that comports with the governmental purpose for which the public entity has legal authority to pursue; (ii) that the expenditure or transfer, taken as a whole, does not appear to be gratuitous; and (iii) that the public entity has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds. The *Cabela's* standard places a strong emphasis on the reciprocal obligations between the parties to ensure that there is not a gratuitous donation of public funds.

We note that your request letter does not address whether there is an admission charge for attendance to the concert. This information would clearly factor into the potential applicability of La. Const. art. VII, §14. Please understand that if a fee is charged for attendance, any funds derived as a result of the concert belong to the Town.

However, if the event is provided to the citizens without charge, this office has previously opined on the appropriateness of a municipality's support of a music event with public funds. In La. Atty. Gen. Op. No. 02-0157, this office addressed whether it was proper for the Rapides Parish Police Jury to expend public funds to support a "Jazz on the River" activity. Noting that La. R.S. 51:1201 authorizes parishes, municipalities and port authorities to advertise as they deem appropriate to promote, encourage, and develop industry, trade and commerce, the opinion stated that if the Police Jury's

¹ We understand your opinion request to concern the authority of the Mayor with respect to funds already budgeted by the Board of Aldermen. Therefore, any potential federal constitutional question involving the appropriateness of a government-sponsored gospel event is not addressed in this opinion.

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Mr. Leslie Thompson
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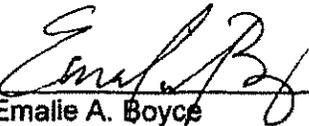
participation in this event was for this purpose, this was a permissible expenditure of public funds.

In conclusion, the Mayor has the authority to expend public funds to promote, encourage, and develop industry, trade and commerce, which may include the Town hosting a music event, if the funding for the event does not exceed the amount allocated by the Board of Aldermen in the funds budgeted for the purpose of entertainment and attractions.

We hope that this opinion has adequately addressed the legal issues you have raised. If our office can be of any further assistance, please do not hesitate to contact us.

With best regards,

JAMES D. "BUDDY" CALDWELL
ATTORNEY GENERAL

BY: 
Emalie A. Boyce
Assistant Attorney General

JDC: EAB



RICHARD P. LEYBOUR
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JUL 08 2002

Opinion Number 02-0157

Mr. Thomas O. Wells
Assistant District Attorney
Parish of Rapides
Ninth Judicial District
P.O. Drawer 13438
Alexandria, LA 71315

90-A-2 Public Funds – Loan, Pledge or Grants
Article 7, Section 14 of the Louisiana Constitution of 1974
Article 7, Section 14B of the Louisiana Constitution of 1974
Article 7, Section 14C of the Louisiana Constitution of 1974
La. R.S. 51:1201
La. R.S. 33:9020, et seq
La. R.S. 33:9021(6)
La. R.S. 39:704

Discussion of proposed expenditures of public funds by Rapides Parish
Police Jury.

Dear Mr. Wells:

We received your request for our opinion on behalf of the Rapides Parish Police Jury regarding the use of public funds. The Police Jury passed several resolutions on March 18, 2002 regarding the use of public funds for a number of local events. More specifically, the police jury is considering using funds as follows:

1. \$2,500.00 to sponsor the YMCA's free swim week
2. \$2,500.00 to fund "Jazz on the River" sponsored by a private, non-profit corporation
3. \$10,000 to the Chamber of Commerce to be used in a marketing plan for economic development
4. \$500 for Visitors Bureau Reception memorializing the Central Louisiana Purchase 2003.

We will address each of the above proposed expenditures separately; however, because each expenditure involves public funds, it must be addressed in light of Article 7, Section 14 of the Louisiana Constitution of 1974 which prohibits the state or any of its political subdivisions from loaning, pledging or donating funds, property or things of value to or for any person, association or corporation. The Louisiana Supreme Court ruled that Article 7, Section 14 is violated whenever the state or one of its political subdivisions seeks to give up something of value when it is under no obligation to do so. *City of Port Allen v. La. Municipal Risk Agency*, 439 So.2d 399 (La. 1983). Our office has interpreted legal obligation to mean that the expenditure of funds be sanctioned, authorized by law, or in the discharge of a legal duty. Atty. Gen. Op. No. 00-14 and 92-204.

\$2,500.00 TO SPONSOR THE YMCA'S "FREE SWIM WEEK"

Clearly, the Rapides Parish Police Jury is in no way obligated to the YMCA. It cannot simply donate \$2,500.00 to the YMCA. However, Article 7, Section 14B of the Louisiana Constitution specifically authorizes the use of public funds for programs of

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Assistant District Attorney
Parish of Rapides
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social welfare for the aid and support of the needy. This section acts as an exception to the general prohibition of the donation of public funds. However, to avail oneself of this exception, the state or one of its political subdivisions must insure that there is some type of objective criteria to properly identify those who are needy. Thus, the Rapides Parish Police Jury may contribute funds to the YMCA for use in a program for its needy citizens as long as there is some type of objective criteria used to establish those who are truly needy. Although it is not mentioned in your request, if the YMCA free swim week is such a program, the Police Jury may consider contributing if it establishes such objective criteria and ensures that the criteria are properly followed.

We note that the request indicates that the source of these funds is the Economic Development District D general fund. Although we do not know the origin or purpose of this fund, please note that funds appropriated for a specific purpose must be used for that purpose. See La. R.S. 39:704

\$2,500.00 TO FUND "JAZZ ON THE RIVER" SPONSORED BY A PRIVATE, NON-PROFIT CORPORATION

Again, the Rapides Parish Police Jury is in no way obligated to this particular non-profit private entity and thus cannot simply donate funds to it. Although, we do not have any information as to the purpose of the "Jazz on the River" activity, we do point out that La. R.S. 51:1201 authorizes parishes, municipalities, and port authorities to advertise as they deem appropriate to promote, encourage, and develop industry, trade, and commerce. Thus, by virtue of this statute, the Rapides Parish Police Jury may use public funds for advertisement to promote and develop local industry and commerce. If the Police Jury's participation in this activity is to promote and develop local industry and commerce through advertisement, it may do so.

\$10,000 TO THE CHAMBER OF COMMERCE TO BE USED IN A MARKETING PLAN FOR ECONOMIC DEVELOPMENT

The police jury proposes to spend \$10,000.00 for economic development pursuant to an agreement with the chamber of commerce. Article 7, Section 14C of the Louisiana Constitution authorizes the state and its political subdivisions to engage in cooperative endeavor agreements for a public purpose with governmental agencies, public or private corporations and/or individuals. Our office has consistently opined that a cooperative endeavor, to be legally permissible, must be made pursuant to a valid legal obligation; must be for a public purpose; and it must result in a public benefit that is proportionate to its cost. See Atty. Gen. Op. Nos. 02-0045, 01-0441 and 01-86. Article 7, Section 14C is not an exception to the otherwise general prohibition against the donation of public funds. Thus, even if the state or one of its political subdivisions cooperate for a public purpose, it still may not give away its assets merely for a public purpose. *City of Port Allen, supra.*

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Assistant District Attorney
Parish of Rapides
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While we recognize that a parish has the authority for cooperative economic development through La. R.S. 33:9020, et seq, the pursuit of economic development must be in accordance with the Constitution and laws of this state. See Atty. Gen. Op. No. 93-22. La. R.S. 33:9021(6) identifies the purpose of cooperative economic development as an aide to local governmental subdivisions in alleviating the conditions of unemployment, underemployment, and other forms of other distress. We have no information specifically identifying what benefit Rapides Parish will receive through such a cooperative endeavor agreement, however, if the agreement identifies the specific benefit the parish will receive and such benefit as commensurate with its cost, the parish may do so.

\$500.00 FOR VISITORS BUREAU RECEPTION MEMORIALIZING THE CENTRAL LOUISIANA PURCHASE 2003

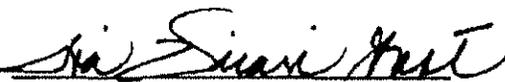
We have no other information in the request other than the parish would like to contribute \$500.00 in the form of a cooperative endeavor agreement with the Alexandria/Pineville Convention and Visitors Bureau for participation in the Central Louisiana Purchase 2003 reception. Again, as long as the three requirements for a valid cooperative endeavor agreement are met, i.e. valid legal obligation; public purpose; and, public benefit proportionate to its cost, the parish may do.

We trust this adequately responds to your request. If you have any questions or comments, please do not hesitate to contact our office.

With kindest regards,

Yours very truly,

RICHARD P. IEYOUB
Attorney General

BY: 
TINA VICARI GRANT
Assistant Attorney General

RPI/TVG/dam

RS 51:1201**CHAPTER 8. INDUSTRIAL DEVELOPMENT GENERALLY****§1201. Promotion by parishes, municipalities, and port authorities**

A. The parishes, municipalities, and port authorities created in accordance with the constitution and laws of the state of Louisiana are hereby authorized to promote the development of industry, trade, and commerce within and for their respective jurisdictions and to associate with one or more parishes, municipalities, or port authorities for the purpose of promoting industry, trade, and commerce within the area of the several political subdivisions joined together or associated for this purpose. To this end, parishes, municipalities, and port authorities may advertise by various means including but not limited to news media, trade journals, magazines, and billboards and any other means which, in their judgment and discretion, they deem appropriate to promote, encourage, and develop industry, trade, and commerce. In addition, they may establish and become members in councils chartered by the state as nonprofit corporations for the purpose of industrial, trade, and commercial development.

B. Such councils shall be governed by boards comprised of members appointed by the governing authorities of the participating political subdivisions and shall make public their expenditures for advertising and promotion by means of annual reports audited by a certified public accountant.

C. Parishes, municipalities, and port authorities may appropriate and expend public funds in the furtherance of the promotion of industry, trade, and commerce, either directly or by membership in the aforesaid councils.

D. A port authority which has not experienced a deficit in the previous year may additionally appropriate out of current income from its operations a local promotion and development fund of not more than two percent of its gross income from operations in each calendar year for use in its respective jurisdictional boundaries.

Acts 1989, No. 828, §1; Acts 1995, No. 347, §1, eff. June 16, 1995.

Management's Summary Schedule of Prior Audit Findings

**Rapides Parish Coliseum Authority
Management's Summary Schedule of Prior Audit Findings
August 31, 2017**

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

Condition: 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's 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.

Current Status: Unresolved. See Findings 2017-001 and 2017-004.

Finding 2016-002: Compliance with Louisiana Bid Law

Condition: 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.

Current Status: Unresolved. See Finding 2017-002.

Finding 2016-003: Theft of Assets

Condition: 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.

Current Status: Unresolved. See Finding 2017-003.