

**CAJUNDOME COMMISSION**

Lafayette, Louisiana

Financial Report

Year Ended October 31, 2016

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(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

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To the Cajundome Commission  
 Lafayette, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cajundome Commission, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission'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 opinions 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.

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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.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cajundome Commission, as of October 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions on pages 35, 36 and 37 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, on our consideration of the Cajundome Commission'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 Cajundome Commission's internal control over financial reporting and compliance.

***Darnall, Sikes, Gardes & Frederick***

A Corporation of Certified Public Accountants

Eunice, Louisiana  
February 14, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Cajundome Commission's financial performance provides an overview of Cajundome Commission's financial activities for the fiscal year ended October 31, 2016. Please read it in conjunction with the Commission's financial statements, which begin on page 9.

### I. FINANCIAL HIGHLIGHTS

Net position increased by \$450 thousand, as a result of this year's operations.

Program revenues for the year ended October 31, 2016 totaled \$8.37 million, a decrease of approximately 9% from 2015.

General revenues totaled \$3.56 million during 2016, an increase of \$33 thousand.

Total expenses for Cajundome Commission during the fiscal year ended October 31, 2016 were relatively steady at \$11.6 million.

### II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 8 and 9) provide information about Cajundome Commission's activities as a whole and present a longer-term view of Cajundome Commission's finances. Fund financial statements start on page 11. These statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report Cajundome Commission's operations in more detail than the government-wide statements by providing information about Cajundome Commission's most significant funds.

#### A. REPORTING CAJUNDOME COMMISSION AS A WHOLE

##### 1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of Cajundome Commission as a whole begins on page 4. One of the most important questions asked about Cajundome Commission's finances is, "Is Cajundome Commission, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Cajundome Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Cajundome Commission's net position and the changes in them. The net position, the difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources, is one way to measure Cajundome Commission's financial position or financial health. Over time, increases or decreases in Cajundome Commission's net position is one indicator of whether its financial health is improving or deteriorating.

The funds maintained by the Cajundome Commission are recorded as governmental activities in the Statement of Net Position and the Statement of Activities.

## B. REPORTING CAJUNDOME COMMISSION'S MOST SIGNIFICANT FUNDS

### 1. FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the Commission as a whole. The Cajundome Commission does not have any non-major funds.

All of Cajundome Commission's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of Cajundome Commission's general operations and the expenses paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future Cajundome Commission expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

### III. CAJUNDOME COMMISSION AS A WHOLE

The following table reflects the condensed Statement of Net Position for 2016 with the comparative figures for 2015:

TABLE I  
NET POSITION  
October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash	\$ 5,734,682	\$ 4,971,949
Accounts receivable, net	479,304	440,605
Due from other governmental agencies	-	867,438
Inventory	60,653	110,820
Deposits	<u>7,692</u>	<u>7,692</u>
Total assets	<u>\$ 6,282,331</u>	<u>\$ 6,398,504</u>
Deferred outflows related to pensions	<u>\$ 2,078,066</u>	<u>\$ 1,024,832</u>
Current liabilities	\$ 1,571,038	\$ 2,216,934
Long-term liabilities	<u>5,471,408</u>	<u>4,010,650</u>
Total liabilities	<u>7,042,446</u>	<u>6,227,584</u>
Deferred inflows related to pensions	<u>\$ 214,903</u>	<u>\$ 542,241</u>
Net position:		
Restricted	4,695,446	3,996,462
Unrestricted	<u>(3,592,398)</u>	<u>(3,342,951)</u>
Total net position	<u>\$ 1,103,048</u>	<u>\$ 653,511</u>

As of October 31, 2016, net position increased \$449,537 from 2015. Unrestricted net position, the part of net position that can be used to finance Cajundome Commission expenses without constraints or other legal requirements decreased by \$252,996 from a deficit of \$3,342,951 at October 31, 2015 to a deficit of \$3,595,947 at October 31, 2016.

The table below provides a summary of the net position for the fiscal year ended October 31, 2016, with comparative figures for 2015:

TABLE II  
CHANGE IN NET POSITION  
Years Ended October 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues -		
Charges for services	\$ 7,773,246	\$ 8,603,172
LCG subsidies	600,000	600,000
General revenues -		
Taxes	3,302,867	3,000,946
Investment earnings	33,406	30,478
Miscellaneous	<u>226,770</u>	<u>196,677</u>
Total revenues	<u>11,936,289</u>	<u>12,431,273</u>
Expenses:		
Culture and recreation	10,019,013	10,269,674
Capital projects	<u>1,467,739</u>	<u>1,316,830</u>
Total expenses	<u>11,486,752</u>	<u>11,586,504</u>
Increase in net position	449,537	844,769
Net position, beginning	<u>653,511</u>	<u>(191,258)</u>
Net position, ending	<u>\$ 1,103,048</u>	<u>\$ 653,511</u>

Overall, expenses were unchanged significantly. Culture and recreation expenses decreased \$250,661, or 2.44%, which is primarily due to food services, personnel costs, and event costs while capital expenditures for 2016, increased \$150,909, totaling \$1,467,739. The 2016 capital expenditures were largely due to upgrade of facility expenditures.

#### IV. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Cajundome Commission's management considered many factors when setting the operating budget for the fiscal year ending October 31, 2016. The major differences between the fiscal year 2016 and 2015 budgets include an approximate budget decrease in the combined total of rental and box office fee and reimbursed event expense revenue of \$171 thousand and approximate budget reductions in food services, advertising, facility fees and suite lease revenues of \$378 thousand, \$271 thousand, \$116 thousand and \$227 thousand, respectively. Budget reductions also occurred in telephone and utilities and food service expenses of \$105 thousand and \$115 thousand, respectively. Insurance expense, personnel costs, event expense, and bank fees saw budget decreases of \$210 thousand, \$328 thousand, \$150 thousand, and \$12 thousand, respectively, for the 2016 budget year.

## V. CONTACTING THE CAJUNDOME COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the funds maintained by Cajundome Commission and to show Cajundome Commission's accountability for the money it receives. If you have any questions or need additional financial information, contact Cajundome Commission at 444 Cajundome Boulevard, Lafayette, Louisiana 70506.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CAJUNDOME COMMISSION

Statement of Net Position  
October 31, 2016

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 4,357,120
Cash with paying agent	1,377,562
Accounts receivable, net	479,304
Inventory	60,653
Deposits	<u>7,692</u>
Total assets	<u>\$ 6,282,331</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>\$ 2,078,066</u>
---------------------------------------	---------------------

LIABILITIES

Accounts payable	\$ 319,960
Accrued liabilities	257,610
Unearned revenue	974,914
Compensated absences	
Current portion	18,554
Non-current portion	273,870
Net pension liability	<u>5,197,538</u>
Total liabilities	<u>7,042,446</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>\$ 214,903</u>
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NET POSITION

Restricted for:	
Capital projects	\$ 4,695,446
Unrestricted	
Sales tax settlement	(37,712)
Pension obligation	(3,334,375)
Other	<u>(220,311)</u>
Total net position	<u>\$ 1,103,048</u>

The accompanying notes are an integral part of this statement.

CAJUNDOME COMMISSION

Statement of Activities  
Year Ended October 31, 2016

Function/Program	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Culture and recreation	\$ 10,019,013	\$ 7,773,246	\$ 500,000	\$ 100,000	\$ (1,645,767)
Capital projects	1,467,739	-	-	-	(1,467,739)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	\$ 11,486,752	\$ 7,773,246	\$ 500,000	\$ 100,000	\$ (3,113,506)
General revenues:					
Hotel/motel tax					3,302,867
Investment earnings					33,406
Miscellaneous					226,770
Total general revenues					<u>3,563,043</u>
Change in net position					449,537
Net position, beginning					<u>653,511</u>
Net position, ending					<u>\$ 1,103,048</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

CAJUNDOME COMMISSION

Balance Sheet  
 Governmental Funds  
 October 31, 2016  
 With Comparative Totals as of October 31, 2015

ASSETS	General	Capital Projects	Totals	
			2016	2015
Cash	\$ 1,302,589	\$ 3,054,531	\$ 4,357,120	\$ 4,971,949
Cash with paying agent	-	1,377,562	1,377,562	-
Accounts receivable, net of allowance for uncollectibles	218,781	260,523	479,304	440,605
Inventory	60,653	-	60,653	110,820
Due from other governmental agencies	-	-	-	867,438
Deposits	<u>7,692</u>	<u>-</u>	<u>7,692</u>	<u>7,692</u>
Total assets	<u>\$ 1,589,715</u>	<u>\$ 4,692,616</u>	<u>\$ 6,282,331</u>	<u>\$ 6,398,504</u>
LIABILITIES				
Accounts payable	\$ 319,960	\$ -	\$ 319,960	\$ 370,311
Accrued liabilities	257,610	-	257,610	213,126
Unearned revenues	<u>974,914</u>	<u>-</u>	<u>974,914</u>	<u>1,616,851</u>
Total liabilities	<u>1,552,484</u>	<u>-</u>	<u>1,552,484</u>	<u>2,200,288</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	60,653	-	60,653	110,820
Restricted:				
Capital expenditures	2,830	4,692,616	4,695,446	3,996,462
Assigned:				
Excess subsidy	155,056	-	155,056	322,409
Unassigned:				
Sales tax settlement	(37,712)	-	(37,712)	(81,692)
Other	<u>(143,596)</u>	<u>-</u>	<u>(143,596)</u>	<u>(149,783)</u>
	<u>37,231</u>	<u>4,692,616</u>	<u>4,729,847</u>	<u>4,198,216</u>
Total liabilities and fund balances	<u>\$ 1,589,715</u>	<u>\$ 4,692,616</u>	<u>\$ 6,282,331</u>	<u>\$ 6,398,504</u>

The accompanying notes are an integral part of this statement.

CAJUNDOME COMMISSION

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
October 31, 2016

Total fund balances for governmental funds	\$ 4,729,847
Total net assets reported for governmental activities in the statement of net assets is difference because -	
Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at October 31, 2016 are:	
Compensated absences	(292,424)
Net pension liability	(5,197,538)
Deferred outflows of resources related to pensions	2,078,066
Deferred inflows of resources related to pensions	<u>(214,903)</u>
Total net position of governmental activities	<u>\$ 1,103,048</u>

The accompanying notes are an integral part of this statement.

CAJUNDOME COMMISSION

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended October 31, 2016  
 With Comparative Totals for the Year Ended October 31, 2015

	General	Capital Projects	Totals	
			2016	2015
Revenues:				
Intergovernmental -				
Hotel/motel tax	\$ -	\$ 3,302,867	\$ 3,302,867	\$ 3,000,946
Lafayette City-Parish Consolidated				
Government subsidies	600,000	-	600,000	600,000
Charges for services	7,773,246	-	7,773,246	8,603,172
Investment earnings	13,495	19,911	33,406	30,478
Miscellaneous	<u>134,606</u>	<u>5,771</u>	<u>140,377</u>	<u>113,219</u>
Total revenues	<u>8,521,347</u>	<u>3,328,549</u>	<u>11,849,896</u>	<u>12,347,815</u>
Expenditures:				
Current -				
Culture and recreation				
Building lease	-	1,246,696	1,246,696	957,044
Trust fees	-	11,581	11,581	6,339
Operational	8,592,249	-	8,592,249	9,279,558
Capital projects	<u>100,000</u>	<u>1,367,739</u>	<u>1,467,739</u>	<u>1,316,830</u>
Total expenditures	<u>8,692,249</u>	<u>2,626,016</u>	<u>11,318,265</u>	<u>11,559,771</u>
Excess of revenues over expenditures	<u>(170,902)</u>	<u>702,533</u>	<u>531,631</u>	<u>788,044</u>
Net changes in fund balances	(170,902)	702,533	531,631	788,044
Fund balances, beginning	<u>208,133</u>	<u>3,990,083</u>	<u>4,198,216</u>	<u>3,410,172</u>
Fund balances, ending	<u>\$ 37,231</u>	<u>\$ 4,692,616</u>	<u>\$ 4,729,847</u>	<u>\$ 4,198,216</u>

The accompanying notes are an integral part of this statement.

CAJUNDOME COMMISSION

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended October 31, 2016

Net increase in fund balances - total governmental funds		\$ 531,631
The change in net assets reported for governmental activities in the statement of activities is different because -		
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment relates to the (increase) decrease in liabilities accrued during the year:		
Compensated absences		4,339
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions subsequent to the measurement date	696,182	
Cost of benefits net of employee contributions	(806,650)	
Amortization of excess contributions during the measurement period	<u>(62,358)</u>	(172,826)
Some revenues reported in the statement of activities do not provide current financial resources in governmental funds:		
Non employer pension contributions		<u>86,393</u>
Increase in net assets of governmental activities		<u>\$ 449,537</u>

The accompanying notes are an integral part of this statement.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cajundome Commission (Commission) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of the Commission's accounting policies are described below.

##### A. Reporting Entity

The Cajundome Commission, a component unit of the Lafayette City-Parish Consolidated Government, is an entity established for the purpose of overseeing the operations of the Cajundome, a multi-purpose civic center.

The Commission was established by an intergovernmental agreement between the Lafayette City-Parish Consolidated Government (formerly City of Lafayette, Louisiana), and the University of Louisiana at Lafayette (formerly University of Southwestern Louisiana). The Commission is governed by five members; three are appointed by the Lafayette City-Parish Consolidated Government and two are appointed by the University of Louisiana at Lafayette. The Commission took over operations of the Cajundome in September 1988. Prior to that time, the Cajundome was operated by the City of Lafayette.

##### B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the overall government. Governmental activities are generally financed through intergovernmental revenues and other nonexchange transactions.

The statement of position presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees paid by the recipients of goods or services offered by the programs and (b) contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Commission's funds. All of the Commission's funds are considered governmental. Separate statements for its governmental funds are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Commission has no governmental funds reported as nonmajor funds.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Commission reports the following major governmental funds:

**General Fund:** The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

**Capital Projects Fund:** This fund is used to account for costs associated with the capital expenditures and renovations to the existing facilities which include the arena and convention center. Revenues consist primarily of an allocation of state hotel/motel tax collected in Lafayette Parish.

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Commission has classified fund balances in the general fund as nonspendable due to the existence of food and beverage inventory.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources 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.

The Commission has classified fund balances of the capital projects fund as restricted for capital expenditures due to the constraints placed on the use of the money obtained through an allocation of state hotel/motel tax collections in Lafayette Parish.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Cajundome Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned: This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Cajundome Commission or an official, such as the Director, to which the Commission has delegated the authority to assign amounts to be used for a specific purpose. Any remaining balance of the subsidy described in Note 8 is assigned for subsequent years' operations.
- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Cajundome Commission will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Cajundome Commission's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

#### C. Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year period. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. The major sources of revenues are intergovernmental and charges for services. Both of these are susceptible to accrual.

#### D. Inventories

Inventories are determined on first-in, first-out (FIFO) basis and are stated at the lower of cost or market.

#### E. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital, net of related debt consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulation of other governments. The Commission first utilizes restricted resources to finance qualifying activities.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### G. Bad Debts

The Commission uses the allowance method to recognize uncollectible accounts receivable. The allowance for doubtful accounts totaled \$5,257 as of October 31, 2016.

##### H. Compensated Absences

Employees of the Cajundome Commission earn vacation pay at the rate of 12 to 24 days per year. Employees may carry forward vacation time earned but not taken without any limitation. Unused vacation is paid to an employee upon retirement or resignation at the hourly rate being earned by that employee upon separation, not to exceed the equivalent of two years earned vacation. No payment is made for accrued and unused sick leave.

In the government-wide statements, the Commission accrues accumulated unpaid vacation leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements", compensated absences liability is not recorded in the governmental fund financial statements.

##### I. Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

##### J. Change in Accounting Principle

The Cajundome Commission adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 introduced and defined deferred outflows of resources and deferred inflows of resources as consumption and an acquisition, respectively, of net assets by the government that is applicable to a future reporting period. It also identifies net position, rather than net assets, as the residual of all elements presented in a statement of net position.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

During the year ended October 31, 2015, the Cajundome Commission implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*". GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides 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. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows. See Note 9 for details.

L. Subsequent Events

Management has evaluated subsequent events through February 14, 2017, the date at which the financial statements were available to be issued.

NOTE 2 DEPOSITS

As of October 31, 2016, the carrying amount of the Commission's deposits totaled \$5,663,282 and the bank balance was \$5,567,394. Of the bank balance, \$297,744 was covered by federal depository insurance and \$5,269,650 was covered by collateral held by a third party bank in the Commission's name. In addition, cash on hand totaled \$71,400 as of October 31, 2016.

The trustee bank for the Convention Center Project does not pledge specific collateral to its individual accounts. Collateral is pledged on the Bank's trust department as a whole. There was no cash held by the trust bank on behalf of the Cajundome Commission, as of October 31, 2016, to be considered uncollateralized.

NOTE 3 BUDGETS

The Commission follows these procedures in establishing budgetary data reflected in the financial statements:

1. At the end of May, the director submits to the Commission a proposed operating and capital budget for the fiscal year commencing November 1. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 3 BUDGETS (Continued)

3. After the public hearing, which is usually in the middle or end of July, the budget is adopted by the Commission.
4. The adopted budget is submitted to the Lafayette City-Parish Council by August 17, in order to identify to the Lafayette City-Parish Consolidated Government the amount of subsidy the Cajundome Commission will need to operate for the ensuing fiscal year.
5. Any revisions to the original budget must be approved by the Commission.

The budget presented in these financial statements is as originally adopted or as amended in accordance with required procedures.

NOTE 4 RECEIVABLES

Receivables at October 31, 2016 consist of the following:

Rentals	\$ 89,773
Box office	5,771
Catering	100,515
Other	<u>288,502</u>
Gross receivables	484,561
Less: allowance for uncollectibles	<u>5,257</u>
Net receivables	<u>\$ 479,304</u>

NOTE 5 INVENTORY

Components of inventory at October 31, 2016 are as follows:

Food and spices	\$ 19,957
Beverages	30,670
Other	<u>10,026</u>
Total	<u>\$ 60,653</u>

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 FIXED ASSETS

The Cajundome Commission is charged with the responsibility of managing and accounting for assets which make up the Cajundome premises. These assets were purchased by the Commission, the Lafayette City-Parish Consolidated Government, and the University of Louisiana at Lafayette. In accordance with the intergovernmental agreement creating the Commission, the assets purchased by the Commission are assignable to the Lafayette City-Parish Consolidated government or University of Louisiana at Lafayette, depending on the nature of the item. All movable items are assigned to the Lafayette City-Parish Consolidated Government and all immovable items which attach to the building are assigned to the University of Louisiana at Lafayette, with the exception of assets purchased with a hotel/motel tax allocation, which are assigned to the University of Louisiana at Lafayette as further discussed in Note 11.

The balance of these assets at October 31, 2016 was \$21,896,135. Of the total, \$5,919,477 was purchased by or assigned to the Lafayette City-Parish Consolidated Government and \$15,976,658 was purchased by or assigned to the University of Louisiana at Lafayette.

These assets are reported on the financial statements of the entity purchasing the equipment or to which the equipment was assigned.

NOTE 7 LONG-TERM DEBT

*Changes in Long-Term Liabilities.* During the year ended October 31, 2016 the following changes occurred:

	Balance November 1, 2015	Additions	Reductions	Balance October 31, 2016
Compensated absences	<u>\$ 296,763</u>	<u>\$ 39,465</u>	<u>\$ 43,804</u>	<u>\$ 292,424</u>

Compensated absences typically have been liquidated by the General Fund.

NOTE 8 FUND BALANCES

Fund balances have been committed for the following purposes:

1. The Lafayette City-Parish Consolidated Government provides the Commission with an annual subsidy for capital expenditures and, according to the intergovernmental agreement creating the Commission, this subsidy is to be used exclusively for capital expenditures. The balance of the subsidy at October 31, 2016, is shown as a restriction of fund balance of the General Fund in the Governmental Funds Balance Sheet.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 8 FUND BALANCES (Continued)

2. According to the intergovernmental agreement creating the Commission, the Lafayette City-Parish Consolidated Government subsidizes the operations of the Cajundome each year, up to \$500,000 for 2016, after considering any fund balance remaining from prior years' operations. This fund balance, if any, is assigned for subsequent year's operating expenditures in the year-end financial statements.

Constraints on fund balances in governmental fund types consisted of the following balances at October 31, 2016:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Nonspendable:		
Inventory	\$ 60,653	\$ -
Restricted:		
Capital expenditures	2,830	4,692,616
Assigned for:		
Excess subsidy	<u>155,056</u>	<u>-</u>
Total fund balances	<u>\$ 218,539</u>	<u>\$ 4,692,616</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first.

NOTE 9 DEFINED BENEFIT PENSION PLAN

Plan Description and Provisions

Virtually all of the Commission's employees participate in the Municipal Employees' Retirement Systems (MERS), a multiple-employer, cost sharing defined benefit pension plan established by the Louisiana Legislature. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Retirement Benefits:

Any member who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with actuarially reduced early benefit.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and their unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member who is eligible for normal retirement at the time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

**DROP Benefits:**

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

A member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of credible service projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Benefits:

The plan provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Funding Policy:

Contributions for all employers are actuarially determined each year. Members are required by State statute to contribute 9.5% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The employer contribution rate as of the year ended October 31, 2016 was 22.75% of annual covered payroll. The Commission's contributions to the System for the years ended October 31, 2016, 2015, and 2014, were \$530,592, \$492,501, and \$451,952, respectively, equal to the required contributions for each year. The actual rate may differ from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At October 31, 2016, the Commission reported a liability of \$5,197,538 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At June 30, 2015, the Commission's proportion was 1.455014%, which was an increase of 0.0986529% from its proportion measured as of June 30, 2014.

For the year ended October 31, 2016, the Commission recognized pension expense of \$854,134. The Commission recognized revenue of \$86,393 as its proportionate share on non-employer contributions for the year ended October 31, 2016.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

At October 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 214,903
Change in assumptions	434,184	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	287,445	-
Net differences between projected and actual earnings on plan investments	660,255	-
Contributions subsequent to the measurement date	<u>696,182</u>	<u>-</u>
Total	<u>\$ 2,078,066</u>	<u>\$ 214,903</u>

Commission contributions subsequent to the measurement date in the amount of \$696,182 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending October 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended October 31,	
2016	\$ 435,091
2017	358,457
2018	143,410
2019	<u>230,023</u>
	<u>\$ 1,166,981</u>

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension's plan fiduciary net pension.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry age normal
Investment rate of return	7.50%, net of investment expense
Projected salary increases	5.00% (2.875% inflation, 2.125% merit)
Mortality rates	RP-2000 employee table for active members RP-2000 healthy annuitant table for healthy annuitants RP-2000 disabled lives mortality tables for disabled annuitants
Expected remaining service lives	3 years
Cost of living adjustments	The present value fo future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

The mortality rate assumption used was verified by combining date from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was the projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality table used.

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.50%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	<u>6,801,993</u>	<u>5,197,538</u>	<u>3,830,520</u>

Change In Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2015 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experiences

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$214,903 for the year ended June 30, 2015. Pension expense and remaining deferred inflow for the year ended June 30, 2015 was \$806,651.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. A deferred outflow of resources in the amount of \$660,255 for the year ended June 30, 2015. Pension expense and remaining deferred inflow for the year ended June 30, 2015 was \$806,651 and \$0, respectively.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 9 DEFINED BENEFIT PENSION PLAN (Continued)

##### Retirement System Audit Report:

All benefits are established by state statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

#### NOTE 10 COMPENSATION OF COMMISSION MEMBERS

No compensation was paid to the Commission members during the fiscal year ended October 31, 2016.

#### NOTE 11 CONVENTION CENTER

The Cajundome receives a portion of a 3.97% state hotel/motel revenue tax collected in Lafayette Parish, which was enacted in 1992 by the Louisiana State Legislature. All of the revenue from the tax is allocated to the Commission with the exception of \$200,000 which has been allocated by the Louisiana State Legislature to another governmental entity, indefinitely.

The Convention Center is owned by the State of Louisiana through the Board of Supervisors for the University of Louisiana System, formerly the Board of Trustees for State Colleges and Universities ("the Board") and the University of Louisiana at Lafayette. The Convention Center is leased to and operated by the Cajundome Commission and shares administration, food service, support and service facilities with the Cajundome.

The Convention Center facility is an approximately eighty-thousand (80,000) square foot building and has a budgeted cost of \$16,677,000. Of the construction budget, \$14,100,000 was funded through bonds issued by the Board and \$2,577,000 was funded from the hotel/motel tax revenues allocable to the Cajundome Commission. Construction was completed in April 2002. The Board issued bonds, dated June 1, 1997 and January 1, 2000, in the amount of \$9,600,000 and \$4,500,000, on June 30, 1997 and January 20, 2000, respectively. The Series 1997 and Series 2000 bonds were refunded by the Board with Lease Revenue Refunding Bonds, Cajundome Convention Center Project, Series 2006 dated April 26, 2006, in the amount of \$13,370,000. The Series 2006 bonds were refunded by the Board with Revenue Refunding Bonds, Series 2016, dated August 2, 2016, in the principal amount of \$9,505,000, along with, new money in the amount of \$1,500,000.

In consideration for use and possession of the Convention Center and the Issuance of bonds by the Board, the Commission has entered into a lease agreement dated June 10, 1997 with the Board. Under the terms of the agreement, the Commission will pay rentals for the facility in the amount of debt service of the bonds issued by the Board, including any penalties or premiums, and any and all expenses related to the trustee for the bonds.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 11 CONVENTION CENTER (Continued)

Rentals are defined as amounts sufficient to pay in full the principal and interest and other requirements of the bonds, and must be paid five business days prior to any due date of payments of principal and interest on the bonds. Payments for any trustee expenses are due upon demand.

However, rental payments are payable only from pledged revenues, which consist of the hotel/motel tax, which is subject to annual appropriation by the legislature, and excess revenues after deduction of operating expenditures of the Convention Center for each fiscal year of operation. The lease expires upon payment or provision for payment in full of the principal of, interest on, or premium, if any, and other requirements of the bonds and of any amount owed under the agreement or Bond Resolution.

The agreement further provides for termination of lease term at the election of the Board and/or the Trustee, if an event of nonperformance occurs.

As a requirement of the lease agreement, the Cajundome has entered into a Collection and Disbursement Contract with the Louisiana Department of the Treasury and the Louisiana Department of Revenue and Taxation. Under the terms of this agreement, the Department of Revenue and Taxation shall collect the tax revenues and deposit same with the Department of the Treasury. The Treasury Department will remit payments to a sinking fund established for the annual payments of principal and semi-annual payments of interest on the bonds. Collections of the revenue tax in excess of debt service requirements will be transferred quarterly to the Commission.

During the fiscal year ended October 31, 2016, the Cajundome recognized hotel/motel tax revenues of \$3,302,867 in the fund financial statements and \$3,302,867 in the government-wide financial statements. Minimum payments under the lease based on bond amortization are as follows:

<u>Year Ended October 31,</u>	
2017	\$ 1,003,720
2018	1,009,287
2019	1,005,638
2020	1,006,619
2021	1,007,106
2022-2026	5,068,940
2027-2031	<u>2,910,108</u>
	<u>\$ 13,011,418</u>

The trustee fees are not included in the above rents schedule as they are considered contingent rentals. The fees are further regarded to be incidental to the above rentals taken as a whole, and would be based on estimated amounts.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 11 CONVENTION CENTER (Continued)

Rental payments under the lease agreement during the fiscal year ended October 31, 2016 totaled \$1,246,696 which consisted of the all bond principal and interest payments and cash management fees.

NOTE 12 CAPITAL EXPENDITURES FROM CITY APPROPRIATIONS

Each year the Commission submits a request for capital funds to the Lafayette City-Parish Consolidated Government in accordance with the intergovernmental agreement creating the Commission. In this request, they include a budget detailing how the capital dollars will be spent.

The total amount of the capital appropriation expended by the Cajundome is reported in the following expenditure accounts on the Budgetary Comparison Schedule – General:

Capital expenditures	\$ 100,000
Repairs and maintenance	3,549
	<u>\$ 103,549</u>

Those amounts classified as other than capital expenditures and are not recorded in the general fixed assets records of the Lafayette City – Parish Consolidated Government or the University of Louisiana at Lafayette.

Changes in the Reserve for Capital Expenditures for the year ended October 31, 2016 were as follows:

Balance, beginning of year	\$ 6,379
Capital funds received during the year	100,000
Capital funds expended	<u>103,549</u>
Balance, end of year	<u>\$ 2,830</u>

NOTE 13 SETTLEMENT AGREEMENT

Pursuant to a consent judgment concerning the litigation of sales tax liabilities for the inclusive period from January 1, 2004 through June 17, 2009, a settlement agreement between the Cajundome Commission and the Lafayette Parish School Board has been entered into acknowledging a credit to the School Board in the original sum of \$333,774. As of fiscal year ended October 31, 2016, the remaining balance of the credit is \$37,712. The remaining credit will be utilized through Cajundome facility usage charges for future School Board events.

CAJUNDOME COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 14 FINANCING AGREEMENT

As of August 1, 2015, the Cajundome Commission entered into a financing agreement with Ragin' Cajun Facilities, Inc., a Louisiana non-profit corporation, whereby the Commission will make financing payments equal to principal and interest pursuant to the issuance of \$18,500,000 in Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds – University of Louisiana at Lafayette Cajundome Project, Series 2015. The Commission will pay financing payments exclusively from pledged revenues derived from amounts levied by the State of Louisiana and collected by the Department of Revenue and Taxation from a combined 3.97% sales and use tax.

Minimum payments based on bond amortization are as follows:

<u>Year Ended</u> <u>October 31,</u>	
2017	\$ 741,594
2018	741,594
2019	741,594
2020	741,594
2021	741,594
2022-2026	3,707,970
2027-2031	5,653,595
2032-2036	8,324,268
2037-2041	8,321,794
2042-2046	<u>4,995,482</u>
	<u>\$ 34,711,079</u>

Payments made during the fiscal year ended October 31, 2016 totaled \$768,374.

**REQUIRED SUPPLEMENTARY INFORMATION**

CAJUNDOME COMMISSION

Budgetary Comparison Schedule  
Year Ended October 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental -				
Lafayette Consolidated				
Government subsidy for:				
Operations	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Capital	100,000	100,000	100,000	-
Charges for services -				
Rentals and box office fees	2,197,775	2,022,469	2,007,506	(14,963)
Reimbursed event expenses	915,624	842,589	836,355	(6,234)
Food services	3,636,642	3,636,642	3,636,642	-
Advertising	392,820	387,699	413,699	26,000
Facility fees	703,986	611,626	611,626	-
Suite lease	384,117	272,221	267,418	(4,803)
Interest	18,828	7,183	13,495	6,312
Miscellaneous	357,722	136,482	134,606	(1,876)
Total revenues	<u>9,207,514</u>	<u>8,516,911</u>	<u>8,521,347</u>	<u>4,436</u>
Expenditures:				
Current -				
Culture and recreation:				
Personnel costs	5,443,191	4,969,830	5,016,890	(47,060)
Food services direct costs	1,175,779	1,175,779	1,179,884	(4,105)
Supplies and materials	225,896	220,508	218,383	2,125
Telephone and utilities	583,367	504,193	502,906	1,287
Postage and freight	27,189	28,412	27,651	761
Repairs and maintenance	216,341	224,920	225,166	(246)
Rentals	6,350	6,350	60,807	(54,457)
Advertising	74,281	79,557	79,557	-
Travel and meetings	45,000	33,536	34,622	(1,086)
Professional services	81,723	89,723	92,550	(2,827)
Event expenses	498,389	455,048	469,965	(14,917)
Insurance	471,000	404,726	404,726	-
Bank fees	151,660	130,716	130,668	48
Dues and subscriptions	7,208	7,208	62,144	(54,936)
Capital expenditures	100,000	100,000	100,000	-
Sales tax expense	55,172	55,172	47,547	7,625
Other	165,979	165,979	38,783	127,196
Total expenditures	<u>9,328,525</u>	<u>8,651,657</u>	<u>8,692,249</u>	<u>(40,592)</u>
Excess (deficiency) of revenues over expenditures	(121,011)	(134,746)	(170,902)	(36,156)
Fund balance, beginning	<u>358,426</u>	<u>208,133</u>	<u>208,133</u>	-
Fund balance, ending	<u>\$ 237,415</u>	<u>\$ 73,387</u>	<u>\$ 37,231</u>	<u>\$ (36,156)</u>

CAJUNDOME COMMISSION

Schedule of Proportionate Share of Net Pension Liability  
Year Ended October 31, 2016

Year Ended	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
October 31, 2015	1.453580%	\$ 3,730,533	\$ 2,493,365	149.62%	73.99%
October 31, 2016	1.455014%	\$ 5,197,538	\$ 2,560,606	202.98%	66.18%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAJUNDOME COMMISSION

Schedule of Contributions  
Year Ended October 31, 2016

Year Ended	Statutory contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
October 31, 2015	\$ 492,501	\$ 492,501	\$ -	\$ 2,493,365	19.75%
October 31, 2016	\$ 530,592	\$ 530,592	\$ -	\$ 2,560,606	20.72%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**ADDITIONAL INFORMATION**

CAJUNDOME COMMISSION

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
Year Ended October 31, 2016

**Greg Davis, Executive Director**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 160,012
Benefits - insurance	6,200
Benefits - retirement	34,003
Car allowance	7,200
Cell phone	645

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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 Cajundome Commission  
 Lafayette, Louisiana

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 governmental activities and each major fund of Cajundome Commission, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise Cajundome Commission's basic financial statements, and have issued our report thereon dated February 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cajundome Commission'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cajundome Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Cajundome Commission'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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cajundome Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
February 14, 2017

CAJUNDOME COMMISSION

Summary of Prior Year Findings  
Year Ended October 31, 2016

Section I Internal Control and Compliance Material to the Financial Statements

None applicable

Section II Internal Control and Compliance Material to Federal Awards

None applicable.

Section III Management Letter

The prior year's report did not include a management letter.

CAJUNDOME COMMISSION

Schedule of Findings and Responses  
Year Ended October 31, 2016

Section I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Commission's financial statements as of and for the year ended October 31, 2016.

Significant Deficiencies - Financial Reporting

There were no significant deficiencies or material weaknesses noted during the audit.

Material Noncompliance or Other Matters - Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for fiscal year ended October 31, 2016.

Section II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Section III Findings and Questioned Costs Relating to Federal Programs

At October 31, 2016, the Cajundome Commission did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

Section IV Management Letter

This section is not applicable.

CAJUNDOME COMMISSION

Management's Corrective Action Plan  
Year Ended October 31, 2016

Section I Internal Control and Compliance Material to the Financial Statements

This section not applicable for the year ended October 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

This section not applicable for the year ended October 31, 2016.

Section III Management Letter

This section not applicable for the year ended October 31, 2016.