

BEAUREGARD PARISH  
COVERED ARENA AUTHORITY  
BEAUREGARD PARISH POLICE JURY  
DERIDDER, LOUISIANA

ANNUAL FINANCIAL STATEMENTS  
With Auditor's Report  
For the Year Ended  
December 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 04 2013

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# **John A. Windham, CPA**

*A Professional Corporation*

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John A. Windham, CPA  
Charles M. Reed, Jr., CPA

## **INDEPENDENT AUDITOR'S REPORT**

Beauregard Parish Covered Arena Authority  
P.O. Box 430  
DeRidder, LA 70634

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities and the major fund of the Beauregard Parish Covered Arena Authority, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2012, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

### Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Beauregard Parish Covered Arena Authority as of December 31, 2012, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

### Other Matters

#### Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 17, 2013, on my consideration of the Beauregard Parish Covered Arena Authority's internal control over financial reporting and on my 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 my 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 Beauregard Parish Covered Arena Authority's internal control over financial reporting and compliance.



DeRidder, Louisiana  
July 17, 2013

## **BASIC FINANCIAL STATEMENTS**

Beauregard Parish  
Covered Arena Authority

Statement A

Statement of Net Position  
For the Year Ended  
December 31, 2012

		Business-type Activities Enterprise Fund	
		2012	
<b>Assets</b>			
Current Assets			
Cash		\$	27,420
Receivables:			
Accounts			6,250
Restricted assets			6,000
Capital assets, net			748,713
Total assets		\$	<u>788,383</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable		\$	5,961
Payroll taxes payable			16,610
Accrued interest payable			863
Notes payable			70,000
Total current liabilities		\$	<u>93,434</u>
<b>Net Position</b>			
Invested in capital assets		\$	748,713
Restricted			6,000
Unrestricted			(59,764)
Total net position		\$	<u>694,949</u>
Total liabilities and net position		\$	<u>788,383</u>

The accompanying notes are an integral part of this statement

Beauregard Parish  
Covered Arena Authority

Statement B

Statement of Activities  
For the Year Ended  
December 31, 2012

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Business-type Activities
Program Activities				
Business-type activities	\$ 169,876	\$ 50,291	\$ 7,500	\$ (112,085)
General revenues.				
Hotel/Motel tax				\$ 25,000
Sales tax revenue				32,500
Miscellaneous revenue				773
Total revenues				\$ 58,273
Change in net position				\$ (53,812)
Net position at beginning of year				748,761
Net position at end of year				\$ 694,949

The accompanying statement is an integral part of this statement

Beauregard Parish  
Covered Arena Authority

Statement C

Statement of Net Position - Proprietary Fund  
For the Year Ended  
December 31, 2012

	Business-type Activities Enterprise Fund 2012
<b>Assets</b>	
Current Assets	
Cash	\$ 27,420
Receivables:	
Hotel/Motel taxes	6,250
Total current assets	<u>\$ 33,670</u>
Restricted Assets	
Sponsorship grant receivable	<u>\$ 6,000</u>
Noncurrent Assets	
Capital assets, net	<u>\$ 748,713</u>
Total assets	<u><u>\$ 788,383</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	\$ 5,961
Payroll taxes payable	16,610
Accrued interest payable	863
Notes payable	70,000
Total current liabilities	<u>\$ 93,434</u>
<b>Net Position</b>	
Invested in capital assets	\$ 748,713
Restricted	6,000
Unrestricted	(59,764)
Total net position	<u>\$ 694,949</u>
Total liabilities and net position	<u><u>\$ 788,383</u></u>

The accompanying notes are an integral part of this statement.



Beauregard Parish  
Covered Arena Authority

Statement D

Statement of Revenues, Expenses, and Changes  
in Net Position - Proprietary Fund  
For the Year Ended  
December 31, 2012

	Business-type Activities Enterprise Fund 2012
Operating revenues:	
Arena and other rentals	\$ 48,519
Concession stand and other sales	1,772
Total operating revenues	<u>\$ 50,291</u>
Operating expenses:	
Personal services	\$ 48,328
Supplies	11,329
Contractual services	75,499
Depreciation	31,166
Total operating expenses	<u>\$ 166,322</u>
Income (loss) from operations	<u>\$ (116,031)</u>
Nonoperating revenues (expenses)	
Interest expense	\$ (3,554)
Hotel/Motel tax revenue	25,000
Sales tax revenue	32,500
Sponsorship grant	7,500
Miscellaneous revenue	773
Total nonoperating revenues (expenses)	<u>\$ 62,219</u>
Change in net position	\$ (53,812)
Net position at beginning of year	<u>748,761</u>
Net position at end of year	<u><u>\$ 694,949</u></u>

The accompanying notes are an integral part of this statement

Beauregard Parish  
Covered Arena Authority

Statement E

Statement of Cash Flows - Proprietary Fund  
For the Year Ended  
December 31, 2012

	Business-type Activities Enterprise Fund 2012
Cash flows from operating activities:	
Cash received from customers	\$ 54,291
Cash payments to suppliers for goods and services	(100,107)
Cash payments to employees for services	(36,824)
Net cash used by operating activities	<u>\$ (82,640)</u>
Cash flows from capital financing activities.	
Purchase of equipment	<u>\$ (6,782)</u>
Cash flows from non-capital financing activities:	
Interest expense	\$ (2,691)
Hotel/Motel revenue	25,000
Sales tax revenue	32,500
Proceeds of loan	65,000
Miscellaneous revenue	773
Net cash provided for non-capital financing activities	<u>\$ 120,582</u>
Net increase (decrease) in cash and cash equivalents	\$ 31,160
Cash and cash equivalents, beginning	<u>(3,740)</u>
Cash and cash equivalents, ending	<u>\$ 27,420</u>
	(Continued)

The accompanying notes are an integral part to the financial statements

Beauregard Parish  
Covered Arena Authority

Statement E

Statement of Cash Flows - Proprietary Fund  
For the Year Ended  
December 31, 2012

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>2012</u>
Reconciliation of income (loss) from operations to net cash used by operating activities	
Income (loss) from operations	<u>\$ (116,031)</u>
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 31,166
Change in assets and liabilities:	
Decrease in accounts receivable	4,000
Increase in payroll tax payable	11,504
Decrease in accounts payable	(13,279)
Net cash used by operating activities	<u>\$ (82,640)</u>
	(Concluded)

The accompanying notes are an integral part to the financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

Beauregard Parish Covered Arena Authority  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2012

## INTRODUCTION

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

The accounting and reporting policies of the Beauregard Parish Covered Arena Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Beauregard Parish Covered Arena Authority is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Beauregard Parish Covered Arena Authority. Business-type activities, which rely to a significant extent on fees and charges for support, are the only activities reported in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Beauregard Parish Covered Arena Authority reports the following proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Beauregard Parish Covered Arena Authority

Notes to the Financial Statements (Continued)

Amounts reported as program revenues includes 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. Charges for services of providing an arena for events and concession stand sales comprise the operating revenue of the covered arena's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Deposits and Investments**

The covered arena's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Beauregard Parish Covered Arena Authority's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The covered arena maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the fiscal year was \$ 3,554 in 2012. Of this amount none was included as part of the cost of capital assets under construction in connection with the covered arena's construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Vehicles	5 years
Equipment	5-10 years
Furniture and fixtures	5-10 years
Buildings and building improvements	20-40 years

**E. Compensated Absences**

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

Beauregard Parish Covered Arena Authority

Notes to the Financial Statements (Continued)

**F. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. As of December 31, 2012 the authority had no long-term obligations.

**G. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the covered arena, which are either unusual in nature or infrequent in occurrence.

**H. Estimates**

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

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2012, the covered arena has cash and cash equivalents (book balances) totaling \$ 27,420 respectively as follows:

	Proprietary Fund
Demand deposits	\$ 27,170
Petty cash	250
Total	<u>\$ 27,420</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the covered arena authority has \$ 27,609 respectively in deposits (collected bank balances). These deposits are secured from risk by \$ 27,609 of federal deposit insurance.

**3. FUND DEFICITS**

At December 31, 2012 the unrestricted net position deficit totals \$ 59,764. Management is monitoring the deficit and will increase user fees as necessary.

Beauregard Parish Covered Arena Authority

Notes to the Financial Statements (Continued)

**4. RECEIVABLES**

The receivables as of December 31, 2012 are as follows:

Class of receivable	Proprietary Fund
Accounts	\$ 6,250
Sponsorship grant	6,000
Total	<u>\$ 12,250</u>

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the years ended December 31, 2012, for the primary government is as follows:

	Beginning Balance	December 31, 2012		Ending Balance
		Increases	Decreases	
Business-type activities				
Capital assets being depreciated				
Building and improvements	\$ 665,995	\$ -	\$ -	\$ 665,995
Parking lot and improvements	275,356	-	-	275,356
Machinery and equipment	35,889	6,782	-	42,671
Furniture and fixtures	3,994	-	-	3,994
Vehicles	13,764	-	-	13,764
Total capital assets being depreciated	<u>994,998</u>	<u>6,782</u>	<u>-</u>	<u>1,001,780</u>
Less accumulated depreciation for:				
Building and improvements	104,355	20,860	-	125,215
Parking lot and improvements	66,019	7,169	-	73,188
Machinery and equipment	33,848	3,058	-	36,906
Furniture and fixtures	3,915	79	-	3,994
Vehicles	13,764	-	-	13,764
Total accumulated depreciation	<u>221,901</u>	<u>31,166</u>	<u>-</u>	<u>253,067</u>
Total business-type assets being depreciated, net	<u>\$ 773,097</u>	<u>\$ (24,384)</u>	<u>\$ -</u>	<u>\$ 748,713</u>

**6. ACCOUNTS AND OTHER PAYABLES**

The payables of \$ 23,434 respectively, as of December 31, 2012, are as follows:

	Proprietary Fund
Accounts	\$ 5,961
Payroll taxes	16,610
Accrued interest payable	863
Total	<u>\$ 23,434</u>

**7. RETIREMENT SYSTEMS**

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



Beauregard Parish Covered Arena Authority

Notes to the Financial Statement (Concluded)

**8. NOTES PAYABLE**

The following is a summary of the note payable obligations transactions for the year ended December 31, 2012.

	<u>Notes Payable</u>
Note Payable obligations at the beginning of the year	\$ 5,000
Additions	65,000
Principal payments	<u>-</u>
Note payable obligations at the end of year	<u>\$ 70,000</u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) of note payable obligations as of December 31, 2012:

	<u>Notes Payable</u>
Current portion	\$ 70,000
Long-term portion	-
Total	<u>\$ 70,000</u>

The two notes payable consists of a short term loan from the Beauregard Parish Police Jury of \$ 20,000 and a short term loan from Beauregard Federal Savings Bank of \$ 50,000. The Beauregard Parish Police Jury note payable is a non-interest bearing note and the Beauregard Federal Savings Bank note bears interest at a rate of 7.00%. Both notes are due within one year

**9. RESTRICTED NET POSITION**

Restricted assets	
Sponsorship grants receivable	<u>\$ 6,000</u>

**10. GOING CONCERN**

By Act of the Louisiana Legislature Regular Session 2012 the Beauregard Parish Covered Arena Authority is to transfer all assets of the authority including all land, rights-of-way, servitudes, and improvements situated thereon or connected therewith to the Beauregard Parish Police Jury on or before January 1, 2013. Thereafter the authority shall be owned, managed, maintained and controlled by the police jury which shall be the successor of the authority. Upon the date of the transfer of the authority, all obligations of the authority shall be deemed to be obligations of the police jury to the same extent as if originally incurred by it. By this Act of the 2012 Regular Session LA R S. 33.4577 that originally established the authority is repealed on July 1, 2013 when the Beauregard Parish Covered Arena Authority is dissolved by state statute.

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OTHER REPORTS

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**Schedule of Prior Year Audit Findings  
Year Ended December 31, 2012**

There were no prior year audit findings as of December 31, 2011

Schedule of Current Year Audit Findings  
and Management's Response  
Year Ended December 31, 2012

Findings – Financial Statement Audit

Audit Finding No. 2012-1

Noncompliance with Louisiana Audit Law

Condition:	The Authority is not in compliance with the Louisiana Audit Law (LRS 24 513), which requires political subdivisions to submit annual financial reports to the Office of the Louisiana Legislative Auditor no later than six months after the fiscal year end.
Criteria	The Louisiana Audit Law (LRS 24.513) requires political subdivisions to submit annual financial reports to the Office of the Louisiana Legislative Auditor no later than six month after their fiscal year end.
Cause.	The Authority had charges on their Capital One credit card that needed to be verified, but the Capital One credit card statements were not available. The Authority ordered replacement statements from Capital One but they had not been received by the statutory audit report submission deadline. Due to these missing statements not being available the audit was postponed until the statements were received.
Effect:	The Authority is not in compliance with the Louisiana Audit Law (LRS 24:513)
Recommendation:	I recommend that the Authority stay in compliance with Louisiana Audit Law (LRS 24.513) by having all financial information necessary for the annual audit accurately prepared and submitting this information to the engaged auditor timely so that the annual audit can be completed and submitted to the Office of the Louisiana Legislative Auditor by the statutory deadline.

Audit Finding No. 2012-2

Inadequate Records Retention

Condition:	Capital One credit card statements necessary for supporting charges on the credit card were not available during fieldwork.
Criteria	All accounting records and documents necessary for supporting charges should be maintained in an orderly fashion by the authority and should be available to the auditor upon request
Cause	The Capital One credit card statements were misplaced during the year and not available to the auditor during fieldwork
Effect	Copies of the Capital One credit card statements that were misplaced had to be requested from Capital One Due to the time it took for the Authority to receive these statements the statutory audit submission deadline was missed
Recommendation:	I recommend that all records and documents necessary for timely completion of the annual audit be maintained in an orderly fashion Records and documents should be reviewed on a monthly basis and filed in a way that all are available at year end for the auditor.

Schedule of Current Year Audit Findings  
and Management's Response  
Year Ended December 31, 2012

Audit Finding No. 2012-3

Nonpayment of Payroll Taxes

Condition:	The Authority had not paid payroll taxes for the last six quarters as of their fiscal year end. Management and those charged with governance had taken no action to obtain funds for the payment of these taxes.
Criteria	Payroll taxes are due on a monthly and quarterly basis according to federal and state regulations.
Cause:	The bookkeeper has stated that these taxes were not paid due to the Authority having insufficient funds for their payment. Management and those charged with governance had not taken any action to obtain funds for the payment of these taxes.
Effect:	The Authority is not in compliance with federal and state regulations that require payroll taxes to be timely submitted on a monthly and quarterly basis. Management, those charged with governance and any others with responsibilities for payment of these taxes could be held personally liable for their payment.
Recommendation:	I recommend that the Authority timely pay all payroll taxes by their due date. The bookkeeper should notify management and those charged with governance when funds are insufficient for their payment. Management and those charged with governance should then take corrective action to see that funds are obtained for the timely payment of payroll taxes. As of the audit report date, these taxes had been paid for the Authority by the Beauregard Parish Police Jury.

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**CIVIC CENTER-COVERED ARENA**  
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P. O. Box 430 DeRidder, LA 70634  
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Schedule 2

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera,

The Beauregard Arena is addressing audit finding number 2012-1, 2012-2. The arena had misplaced records for the audit and at which time had to apply for all new copies. The new copies were received and added to the audit, and the arena has changed some financial records in order to prevent further occurrence of this problem.

The Beauregard Arena is also addressing the audit finding number 2012-3. At the time of audit the arena did not have sufficient funds to pay payroll taxes up to date. We now have all payroll taxes paid up to date. The payment was made by Beauregard Covered Arena, and some financial changes have been made in order to prevent further occurrence of this problem.

Mike Banks, Arena Director



8/1/13

# **John A. Windham, CPA**

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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**

Beauregard Parish Covered Arena Authority  
P O. Box 430  
DeRidder, LA 70634

I 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 and the major fund of Beauregard Parish Covered Arena Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Beauregard Parish Covered Arena Authority's basic financial statements, and have issued my report thereon dated July 17, 2013.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Beauregard Parish Covered Arena 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beauregard Parish Covered Arena Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Beauregard Parish Covered Arena Authority's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of current year audit findings and management's response, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiency described in the accompanying schedule of current year audit findings and management's response to be a material weakness. Audit Finding No. 2012-3.

Beauregard Parish Covered Arena Authority  
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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. I consider the deficiency described in the accompanying schedule of current year audit findings and management's response to be a significant deficiency. Audit Finding No 2012-2

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Beauregard Parish Covered Arena Authority's financial statements are free from material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my 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 current year audit findings and management's response as Audit Finding No. 2012-1 and Audit Finding 2012-3.

Beauregard Parish Covered Arena Authority's response to the findings identified in my audit are described in the accompanying schedule of current year audit findings and management's response. Beauregard Parish Covered Arena Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.



DeRidder, Louisiana  
July 17, 2013