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**CAJUNDOME COMMISSION  
FINANCIAL REPORT  
OCTOBER 31, 2003**

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

Release Date 5.5.04

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT	1 and 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 7
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net assets	11
Statement of activities	12 and 13
FUND FINANCIAL STATEMENTS	
Balance sheet - governmental funds	16
Reconciliation of the governmental funds balance sheet to the statement of net assets	17
Statement of revenues, expenditures, and changes in fund balances - governmental funds	18
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	19
Notes to financial statements	20 - 30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule: General fund	32 and 33
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	35 and 36
Schedule of findings and questioned costs	37
Schedule of prior findings	38



# BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

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## INDEPENDENT AUDITORS' REPORT

To the Cajundome Commission  
Lafayette, Louisiana

### Other Offices:

Crowley, LA  
(337) 783-0650

Opelousas, LA  
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(337) 898-1497

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Church Point, LA  
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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, 2003, which collectively comprise the Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Babineaux, CPA\*  
Peter C. Borrello, CPA\*  
George J. Trappey III, CPA\*  
Gregory B. Milton, CPA\*  
S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Troy J. Breaux, CPA\*  
Fayette T. Dupré, CPA\*  
Mary A. Castille, CPA\*  
Joey Breaux, CPA\*  
Terrel P. Dressel, CPA\*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cajundome Commission as of October 31, 2003, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Retired:

Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002

In accordance with Government Auditing Standards, we have also issued a report dated March 17, 2004, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Members of American Institute of  
Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cajundome Commission's basic financial statements. The budgetary comparison schedule listed as required supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Broussard, Locke, Lewis + Proulx, L.L.P.*

Lafayette, Louisiana  
March 17, 2004

## 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, 2003. Please read it in conjunction with the Commission's financial statements, which begin on page 11.

### I. FINANCIAL HIGHLIGHTS

Cajundome Commission's net assets decreased by \$528,448 or 26.9% as a result of this year's operations.

Cajundome Commission's total program revenues were \$4,689,236 compared to \$3,793,587 last year, an increase of \$895,649 or 23.6%.

Total expenses for Cajundome Commission during the year ending October 31, 2003 were \$6,963,354.

### II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 11, 12 and 13) 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 16. 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 5. 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 Assets 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 assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure Cajundome Commission's financial position or financial health. Over time, increases or decreases in Cajundome Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the Cajundome Commission as governmental activities in the Statement of Net Assets and the Statement of Activities.

B. REPORTING CAJUNDOME COMMISSION'S MOST SIGNIFICANT FUNDS

1. FUND FINANCIAL STATEMENTS

The analysis of the major funds maintained by Cajundome Commission begins on page 6. The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the Commission as a whole. The Cajundome Commission does not have any nonmajor 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 Assets and the Statement of Activities) and governmentals funds in a reconciliation at the bottom of the fund financial statements.

III. CAJUNDOME COMMISSION AS A WHOLE

The following table reflects the condensed Statement of Net Assets for 2003 with the comparative figures for 2002:

TABLE I  
NET ASSETS  
October 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Total assets	<u>\$ 4,012,733</u>	<u>\$ 5,196,758</u>
Current liabilities	\$ 1,357,816	\$ 1,775,278
Long-term liabilities	<u>1,222,111</u>	<u>1,460,226</u>
Total liabilities	<u>\$ 2,579,927</u>	<u>\$ 3,235,504</u>
Net assets:		
Invested in capital assets	\$(1,324,065)	\$(1,543,546)
Restricted	2,925,248	3,689,996
Unrestricted	<u>(168,377)</u>	<u>(185,196)</u>
Total net assets	<u>\$ 1,432,806</u>	<u>\$ 1,961,254</u>
Total liabilities and net assets	<u>\$ 4,012,733</u>	<u>\$ 5,196,758</u>

Net assets of the funds maintained by the Cajundome Commission's governmental activities decreased by \$528,448 or 26.9% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance Cajundome Commission expenses without constraints or other legal requirements increased from a deficit of \$185,196 at October 31, 2002 to a deficit of \$168,377 at October 31, 2003.

The table below provides a summary of the changes in net assets for the year ended October 31, 2003, with comparative figures for 2002:

TABLE II  
CHANGE IN NET ASSETS  
For the Years Ended October 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Program revenues -		
Charges for services and contributions	\$ 4,689,236	\$ 3,793,587
General revenues -		
Taxes	1,600,278	1,336,536
Investment earnings	43,840	68,133
Miscellaneous	<u>101,552</u>	<u>99,063</u>
Total revenues	<u>\$ 6,434,906</u>	<u>\$ 5,297,319</u>
Expenses:		
General governmental	\$ 2,950	\$ 18,052
Culture and recreation	5,745,999	5,059,333
Capital projects	1,134,633	1,922,822
Interest on long-term debt	<u>79,772</u>	<u>-</u>
Total expenses	<u>\$ 6,963,354</u>	<u>\$ 7,000,207</u>
Decrease in net assets	<u>\$ (528,448)</u>	<u>\$ (1,702,888)</u>

During the fiscal year ended October 31, 2003, charges for services and contributions received increased by \$895,649 or approximately 23.6% due to the operation of the Cajundome Convention Center for a full year as opposed to six months of operations in the 2002 fiscal year.

Expenses decreased by \$36,853 or approximately 1.0%. Capital projects expenses decreased \$788,189 or 41% from 2002 while culture and recreation expenses increased \$686,666 or 13.6%. These changes are largely due to the Cajundome Convention Center. Fiscal year 2002 reflected six months of construction costs of the Convention Center and six months of operations, while fiscal year 2003 reflected no construction costs and a full year of operations. Funds, restricted for capital improvements in prior years, were re-allocated to immediate repairs and projects needed at the Cajundome.

#### IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The Commission's general fund budget was revised during the 2003 fiscal year. Because the variance between budgeted and actual revenues was positive and offset the negative variance of expenses, no additional revisions to the fiscal year 2003 budget were considered necessary.

The combined overall increase in rental and box office fees and reimbursable event expenses was due to the Commission's assumption of the University of Louisiana Lafayette ticket sales function, which increased fees revenue over the amount budgeted. The negative variances in the remaining revenue categories were due to continued decreases in attendance at hockey games as well as fewer arena events than anticipated.

Capital expenditures were not budgeted for the 2003 fiscal year, creating a negative variance for that item. There was a positive variance in personnel costs due to full time staff not being hired as anticipated. The positive variances in telephone and utility costs were due to fewer arena events than planned as well as a reduction in utility rates.

Event expenses were higher than budgeted due to the types of events held at the facilities which required more event staffing than budgeted. Additionally, because full time staff were not hired as mentioned above, more event staffing was necessary, which contributed to the negative variance.

V. 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, 2004. However, there were no major differences between the fiscal year 2003 and 2004 budgets as the Commission expects no significant increases or decreases in revenues and expenditures.

VI. 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CAJUNDOME COMMISSION

STATEMENT OF NET ASSETS

October 31, 2003

ASSETS	
Cash	\$ 2,003,837
Cash with paying agent	1,374,342
Accounts receivable, net	314,880
Accrued interest	413
Due from other governmental agencies	311,569
Deposits	7,692
	<hr/>
Total assets	<u>\$ 4,012,733</u>
LIABILITIES	
Accounts payable	\$ 655,533
Accrued liabilities	101,102
Due to other governmental agencies	96,160
Deferred revenue	265,616
Long-term liabilities:	
Portion due or payable within one year -	
Note payable	28,785
Capital leases	203,013
Compensated absences	7,607
Portion due or payable after one year -	
Capital leases	1,121,052
Compensated absences	101,059
	<hr/>
	<u>\$ 2,579,927</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ (1,324,065)
Restricted for:	
Capital projects	2,923,780
Other purposes	1,468
Unrestricted (deficit)	(168,377)
Total net assets	<u>\$ 1,432,806</u>
Total liabilities and net assets	<u>\$ 4,012,733</u>

See Notes to Financial Statements.

CAJUNDOME COMMISSION

STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2003

Function/Program	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 2,950	\$ -	\$ -
Culture and recreation	5,745,999	3,990,133	299,103
Capital projects	1,134,633	-	-
Interest on long-term debt	79,772		
Total governmental activities	<u>\$ 6,963,354</u>	<u>\$ 3,990,133</u>	<u>\$ 299,103</u>

General revenues:

Taxes:

    Hotel/motel tax

    Investment earnings

    Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ -	\$ (2,950)
400,000	(1,056,763)
-	(1,134,633)
	(79,772)
<u>\$ 400,000</u>	<u>\$ (2,274,118)</u>
	\$ 1,600,278
	43,840
	<u>101,552</u>
	<u>\$ 1,745,670</u>
	\$ (528,448)
	<u>1,961,254</u>
	<u><u>\$ 1,432,806</u></u>

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FUND FINANCIAL STATEMENTS

CAJUNDOME COMMISSION

BALANCE SHEET  
GOVERNMENTAL FUNDS  
October 31, 2003

ASSETS	General	Convention Center Project	Total Governmental Funds
Cash	\$ 987,237	\$ 1,016,600	\$ 2,003,837
Cash with paying agent	-	1,374,342	1,374,342
Accounts receivable, net of allowance for uncollectibles	307,996	6,884	314,880
Accrued interest	-	413	413
Due from other governmental agencies	-	200,783	200,783
Deposits	7,692	-	7,692
<b>Total assets</b>	<b>\$ 1,302,925</b>	<b>\$ 2,599,022</b>	<b>\$ 3,901,947</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 655,533	\$ -	\$ 655,533
Accrued liabilities	69,989	187	70,176
Due to primary government	96,160	-	96,160
Deferred revenues	265,616	-	265,616
<b>Total liabilities</b>	<b>\$ 1,087,298</b>	<b>\$ 187</b>	<b>\$ 1,087,485</b>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for capital expenditures	\$ 214,159	\$ 2,598,835	\$ 2,812,994
Reserved for event promotion	1,468	-	1,468
<b>Total fund balances</b>	<b>\$ 215,627</b>	<b>\$ 2,598,835</b>	<b>\$ 2,814,462</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,302,925</b>	<b>\$ 2,599,022</b>	<b>\$ 3,901,947</b>

See Notes to Financial Statements.

CAJUNDOME COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

For the Year Ended October 31, 2003

Total fund balances for governmental funds \$ 2,814,462

Total net assets reported for governmental activities in the statement is different because:

Some revenues were collected more than sixty days after year end and therefore are not available soon enough to pay for current year expenditures.

Hotel/motel taxes 110,786

Long-term liabilities applicable to the Commission's 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, 2003 are:

Note payable	(28,785)
Capital leases	(1,324,065)
Compensated absences	(108,666)
Accrued interest payable	(30,926)
	(1,488,442)

Total net assets of governmental activities \$ 1,432,806

See Notes to Financial Statements.

CAJUNDOME COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended October 31, 2003

	General	Convention Center Project	Total Governmental Funds
Revenues:			
Intergovernmental	\$ 699,103	\$ 1,489,492	\$ 2,188,595
Charges for services	3,990,133	-	3,990,133
Investment earnings	17,885	25,955	43,840
Miscellaneous	101,552	-	101,552
	<u>4,808,673</u>	<u>1,515,447</u>	<u>6,324,120</u>
Total revenues	\$ 4,808,673	\$ 1,515,447	\$ 6,324,120
Expenditures:			
Current -			
General government	\$ -	\$ 2,950	\$ 2,950
Culture and recreation	4,696,925	1,365,146	6,062,071
Capital projects	-	1,134,633	1,134,633
	<u>4,696,925</u>	<u>2,502,729</u>	<u>7,199,654</u>
Total expenditures	\$ 4,696,925	\$ 2,502,729	\$ 7,199,654
Excess (deficiency) of revenues over expenditures	\$ 111,748	\$ (987,282)	\$ (875,534)
Fund balances, beginning	<u>103,879</u>	<u>3,586,117</u>	<u>3,689,996</u>
Fund balances, ending	<u>\$ 215,627</u>	<u>\$ 2,598,835</u>	<u>\$ 2,814,462</u>

See Notes to Financial Statements.

CAJUNDOME COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2003

Net change in fund balances - total governmental funds		\$ (875,534)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Repayments -		
Capital leases	\$ 219,481	
Note payable	<u>49,412</u>	268,893
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. The adjustment here relates to the change in accrued compensated absences in the current period.		(1,667)
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds.		110,786
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Accrued interest expense		<u>(30,926)</u>
Change in net assets of governmental activities		<u>\$ (528,448)</u>

See Notes to Financial Statements.

## CAJUNDOME COMMISSION

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Summary of Significant Accounting Policies

The financial statements of the Cajundome 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.

#### 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 in September 1987, by an intergovernmental agreement between the City of Lafayette, Louisiana, and the University of Southwestern Louisiana. On June 3, 1996, the City of Lafayette became part of the Lafayette City-Parish Consolidated Government. On August 27, 1999, the University of Southwestern Louisiana became the University of Louisiana at Lafayette. The Commission is made up of 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.

#### Basis of presentation:

*Government-wide Statements:* The statement of net assets 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 activities 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.

## NOTES TO FINANCIAL STATEMENTS

*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.

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 other funds. The General Fund is always a major fund.

*Capital Projects Fund:* This fund is used to account for costs associated with the construction of the Convention Center and renovations to the existing facility. Revenues consist primarily of an allocation of state hotel/motel tax collected in Lafayette Parish.

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. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

The two major sources of revenues are intergovernmental and charges for services. Both of these are susceptible to accrual.

Bad debts:

The Commission uses the allowance method to recognize uncollectible accounts. The allowance for doubtful accounts totaled \$3,884 at October 31, 2003.

Net assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital, net of related debt consists of capital assets, net of accumulated depreciation. Net assets are 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.

## NOTES TO FINANCIAL STATEMENTS

### Compensated absences:

Employees of the Cajundome Commission earn vacation pay at the rate of 12 - 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", no compensated absences liability is recorded in the governmental fund financial statements.

### 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.

### Note 2. Legal Compliance - Budgets

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

1. At the beginning of July, 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.
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.

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits

At year end, the carrying amount of the Commission's deposits was \$3,354,756 and the bank balance was \$3,334,173. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,859,831 was covered by collateral held by a third party bank in the Commission's name. The trustee bank for the Conference Center Project does not pledge specific collateral to its individual accounts. Collateral is pledged on the bank's trust department as a whole. Therefore, the remaining \$1,274,342 is considered uncollateralized. In addition, cash on hand totaled \$23,423.

Note 4. Receivables

Receivables at October 31, 2003 consist of the following:

	<u>2003</u>
Rentals	\$ 202,754
Commissions	79,151
Other	<u>36,859</u>
Gross receivables	\$ 318,764
Less: allowance for uncollectibles	<u>3,884</u>
Net receivables	<u>\$ 314,880</u>

Note 5. 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 as further discussed in Note 13.

The balance of these assets at October 31, 2003 was \$9,048,608. Of the total, \$2,140,566 was purchased by or assigned to the Lafayette City-Parish Consolidated Government, and \$6,908,042 was purchased by or assigned to the University of Louisiana at Lafayette.

NOTES TO FINANCIAL STATEMENTS

These assets are reported on the financial statements of the entity purchasing the equipment or to which the equipment was assigned. However, debt related to the purchases of assets are carried in the Commissions financial statements and therefore, a deficit in net assets invested in capital assets of \$1,324,065 is reflected in the statement of net assets.

Note 6. Long-Term Debt

Note Payable. The Commission entered into a promissory note agreement on July 24, 1997 for the retroactive buy back of its employees retirement into the Municipal Employment Retirement System (MERS). The original amount financed under the agreement was \$268,829 (See Note 15). The note bears interest on the New York prime rate which was 4.75% as of October 31, 2003, matures July 5, 2004 and has an outstanding balance of \$28,785 at October 31, 2003.

This agreement is considered a note payable for accounting purposes. The debt service requirements to maturity of the note at October 31, 2003 are as follows:

<u>Year Ended</u> <u>October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 28,785	\$ 375	\$ 29,160

Capital Lease. The Commission entered into various lease agreements during the 1999 through 2002 fiscal years for purchases of arena and office equipment. The original amount of these leases totaled \$1,576,646 and are considered capital leases for accounting purposes. Interest rates on these leases vary from 4.63% to 9.14%, and maturities range from March 18, 2004 to April 27, 2009. The debt service requirements to maturity of the leases as of October 31, 2003 are as follows:

<u>Year Ended</u> <u>October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 203,013	\$ 62,174	\$ 265,187
2005	204,102	52,689	256,791
2006	213,694	43,097	256,791
2007	223,738	33,053	256,791
2008	234,254	22,537	256,791
2009	245,264	11,527	256,791
	<u>\$1,324,065</u>	<u>\$ 225,077</u>	<u>\$1,549,142</u>

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities. During the year ended October 31, 2003, the following changes occurred in the long-term liability:

	Balance November 1, 2002	Additions	Reductions	Balance October 31, 2003
Compensated absences	\$ 106,999	\$ 15,926	\$ (14,259)	\$ 108,666
Notes payable	78,197	-	(49,412)	28,785
Capital leases	1,543,546	-	(219,481)	1,324,065
	<u>\$ 1,728,742</u>	<u>\$ 15,926</u>	<u>\$ (283,152)</u>	<u>\$ 1,461,516</u>

Compensated absences typically have been liquidated by the General Fund.

Note 7. Fund Equity

Fund equity has been reserved/designated 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, 2003, is shown as a reservation of fund balance in the Governmental Fund Balance Sheet.
2. According to the intergovernmental agreement creating the Commission, the Lafayette City-Parish Consolidated Government subsidizes the operations of the Cajundome up to \$500,000 each year, after considering any fund balance remaining from prior years' operations. This fund balance, if any, is designated for subsequent year's operating expenditures in the year end financial statements.

Note 8. 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 pension plan established by the Louisiana Legislature. Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, at age 55 with 25 years of creditable service, or at any age with 30 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. 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

NOTES TO FINANCIAL STATEMENTS

to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate was 8.00% until July 1, 2003 at which time it increased to 11.00%. The contribution requirements of plan members and the Commission are established by statute. The Commission's contributions to MERS for the years ended October 31, 2003, 2002, and 2001 were \$94,037, \$72,171, and \$59,090, respectively, equal to the required contribution each year.

Note 9. Compensation of Commission Members

No compensation was paid to Commission members during the year ended October 31, 2003.

Note 10. Catering Contract

The Cajundome Commission entered into a contract with Acadiana Promotions, Inc. (API) on July 7, 1988, whereby API has the exclusive license, right and privilege to maintain the operation of the food and beverage concessions and related services at the Cajundome. There are several exceptions to the exclusive grant which are detailed in the contract.

As consideration for the granting of the food and beverage concessions privileges, API pays to the Commission a percentage of annual gross receipts as outlined in the contract. The contract was amended on May 16, 1995 to increase the percentage remitted to the Commission and to extend the term of the contract until November 1, 2005.

During the 2003 fiscal year, the contract was assigned to Sterling Promotions, Inc. by resolution of the Commission and the agreement of the Companies.

NOTES TO FINANCIAL STATEMENTS

Note 11. 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 Fund:

Repairs and maintenance	\$ 38,183
Capital expenditures	235,600
Personnel costs	<u>14,469</u>
	<u>\$ 288,252</u>

Those amounts classified as other than capital expenditures represent expenditures for items not recorded in 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, 2003 were as follows:

Balance, beginning of year	\$ 102,411
Capital funds received during the year	400,000
Capital funds expended	<u>(288,252)</u>
Balance, end of year	<u>\$ 214,159</u>

Note 12. Event Promotion

Included in the City's operating subsidy in a previous year was a one-time appropriation designated for an event promotion fund in the amount of \$100,000. This money, according to the City ordinance appropriating it, was to be maintained in a separate fund along with any profits from it, and the results of promotions and balances in the fund are to be reported to the City Council as of April 30 and October 31 of each year. In addition, the profits from the fund were to be retained in the separate fund until the City Council directed its use for other purposes.

The Commission accounted for this money in a separate cost center in its General Fund, thereby segregating it from other activities. For the year ended October 31, 2003, the event promotion cost center had an excess of revenues over expenditures of \$23,028. The fund balance remaining for event promotion as of October 31, 2003 was \$1,468.

NOTES TO FINANCIAL STATEMENTS

Note 13. 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 was allocated to the Commission with the exception of \$200,000, which was allocated to other governmental entities through June 30, 2000. Thereafter, all of the tax was to be allocated to the Commission. However, the Louisiana State Legislature subsequently allocated the \$200,000 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 of the Convention Center began in March 2000 and 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.

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 1, 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. 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, 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.

NOTES TO FINANCIAL STATEMENTS

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 a revenue fund established by the Trustee for the Bonds. During the fiscal year ended October 31, 2003, the Cajundome recognized hotel/motel tax revenues of \$1,489,492 in the fund financial statements and \$1,600,278 in the government-wide financial statements.

Minimum payments under the lease based on bond amortization are as follows:

Year Ended <u>October 31,</u>	
2004	\$ 972,729
2005	976,866
2006	975,046
2007	977,599
2008	974,335
2009-2013	4,899,900
2014-2018	4,901,725
2019-2023	4,931,505
2024-2028	4,961,995
2029	<u>988,750</u>
	<u>\$25,560,450</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.

Rental payments under the lease agreement during the fiscal year ended 2003 totaled \$1,101,691 which consisted of the bond principal and interest payments and cash management fees.

Note 14. Scoreboard

During the fiscal year ended October 31, 1996, an agreement by and between the Cajundome Commission and Professional Sports Marketing, Inc. (PSMI) was entered into for the donation of a video display/advertising system. As part of the agreement, upon full acceptance by the Commission, PSMI donated the system free of any liens to the Commission. Under the terms of the agreement, PSMI receives all revenue for the advertising panels

## NOTES TO FINANCIAL STATEMENTS

located on the scoreboard and the Commission receives all revenues generated for advertisements and commercials displayed on the scoreboard's video screens. The agreement is for a period of ten years, at such time all revenues from the advertising panels located on the scoreboard will revert to the Commission.

In order to help PSMI defray the annual debt service for the cost of the system, the Commission committed the revenues from two arena ad panels purchased by the Cajundome toward payment of the system for a period of twelve years, the term of PSMI's note payable. The debt for the scoreboard was incurred by PSMI and the Commission has no liability other than the pledge of revenues from the ad panels. Revenues derived from two existing ad panels total \$17,000 per year.

### Note 15. Retroactive Retirement Buy Back

During the 1997 fiscal year, the Commission elected to retroactively include its employees in the Municipal Employee Retirement System (MERS). Total cost of the buy back was \$569,626. Of this amount, the Commission owed \$300,797 and the employees owed \$268,829. The Commission paid its portion from funds derived from ice events. The employees' portion was borrowed from a bank by the Commission and the salaries of participating employees were reduced by the amount of their respective portion of the debt service, less any savings to the Commission for employee benefits (i.e., employer portion of payroll taxes and retirement contributions). The promissory note is guaranteed by participating employees for their respective portion of the buy back.

REQUIRED SUPPLEMENTARY INFORMATION

## CAJUNDOME COMMISSION

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended October 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental -				
Lafayette City-Parish				
Consolidated Government				
subsidy for:				
Operations	\$ 395,263	\$ 425,263	\$ 299,103	\$ (126,160)
Capital expenditures	-	-	400,000	400,000
Charges for services -				
Rentals and box office fees	1,886,743	1,886,743	1,896,685	9,942
Reimbursed event expenses	-	-	674,235	674,235
Food and beverage commissions	1,079,206	1,023,306	756,265	(267,041)
Advertising	376,624	376,624	183,301	(193,323)
Parking lot fees	332,475	332,475	288,463	(44,012)
Suite leases	245,125	245,125	191,184	(53,941)
Interest	44,200	44,200	17,885	(26,315)
Miscellaneous	51,358	51,358	101,552	50,194
Total revenues	<u>\$ 4,410,994</u>	<u>\$ 4,385,094</u>	<u>\$ 4,808,673</u>	<u>\$ 423,579</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation:				
Personnel costs	\$ 1,589,004	\$ 1,589,004	\$ 1,636,109	\$ (47,105)
Supplies and materials	133,384	133,384	97,522	35,862
Telephone and utilities	579,368	579,368	535,329	44,039
Postage	23,105	23,105	14,194	8,911
Repairs and maintenance	230,677	230,677	163,726	66,951
Advertising	146,562	146,562	45,492	101,070
Travel and meetings	43,350	43,350	44,320	(970)
Audit and legal fees	44,250	44,250	31,403	12,847
Event expenses	1,286,900	1,286,900	1,506,063	(219,163)
Contractual services	-	-	3,984	(3,984)
Insurance	194,631	224,631	278,425	(53,794)
Capital expenditures	-	-	235,600	(235,600)
Other	139,763	83,863	104,758	(20,895)
Total Expenditures	<u>\$ 4,410,994</u>	<u>\$ 4,385,094</u>	<u>\$ 4,696,925</u>	<u>\$ (311,831)</u>

(continued)

CAJUNDOME COMMISSION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND (CONTINUED)

For the Year Ended October 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 111,748	\$ 111,748
Fund balance, beginning	-	-	103,879	103,879
Fund balance, ending	\$ -	\$ -	\$ 215,627	\$ 215,627

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

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Sidney L. Broussard, CPA\* 1980  
Leon K. Poché, CPA 1984  
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George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1997  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002

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Certified Public Accountants  
Society of Louisiana Certified  
Public Accountants*

To the Cajundome Commission  
Lafayette, Louisiana

We have audited the financial statements of Cajundome Commission, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2003, and have issued our report thereon dated March 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Cajundome Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Cajundome Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or

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

This report is intended solely for the information and use of the Commission and the Commission's management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Roche, Lewis + Proulx, L.L.P.*

Lafayette, Louisiana  
March 17, 2004

CAJUNDOME COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended October 31, 2003

We have audited the financial statements of Cajundome Commission, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2003, and have issued our report thereon dated March 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of October 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses    \_\_\_ Yes    X No  
Reportable Conditions   \_\_\_ Yes    X None Reported

Compliance

Compliance Material to Financial Statements   \_\_\_ Yes    X No

Section II - Financial Statement Findings

No matters were reported.

CAJUNDOME COMMISSION

SCHEDULE OF PRIOR FINDINGS  
For the Year Ended October 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

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