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SHREVEPORT REGIONAL SPORTS AUTHORITY

SHREVEPORT, LOUISIANA

DECEMBER 31, 1999 AND 1998

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 8-30-00

SHREVEPORT REGIONAL SPORTS AUTHORITY

SHREVEPORT, LOUISIANA

DECEMBER 31, 1999 AND 1998

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AUDITED FINANCIAL STATEMENTS

**HEARD  
McELROY  
& VESTAL**  
LLP  
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GILBERT R. STANLEY, JR., CPA

June 2, 2000

Board of Directors  
Shreveport Regional Sports Authority  
Shreveport, Louisiana

We have audited the accompanying general purpose financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Regional Sports Authority as of December 31, 1999 and 1998, and the results of its operations and cash flows of its proprietary fund type for the years ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2000 on our consideration of the Authority's internal control structure and on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedules on Pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Heard, McElroy & Vestal, LLP*

SHREVEPORT REGIONAL SPORTS AUTHORITY

ALL FUND TYPES AND ACCOUNT GROUPS

BALANCE SHEETS AT DECEMBER 31, 1999 AND 1998

	1999			
	Governmental Funds		Account Group	
	General Fund	Enterprise Fund	General Fixed Assets	Total (Memorandum Only)
<u>ASSETS AND OTHER DEBITS</u>				
Cash-Note 2	140,789	-	-	140,789
Certificates of deposit-Note 2	103,733	-	-	103,733
Accounts receivable	-	4,183	-	4,183
Travel advances	2,500	-	-	2,500
Employee advances	4,650	-	-	4,650
Prepaid expenses	-	10,741	-	10,741
Due from other fund	51,956	-	-	51,956
Other debits:				
Equipment-Note 4	-	-	16,139	16,139
Total assets and other debits	<u>303,628</u>	<u>14,924</u>	<u>16,139</u>	<u>334,691</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	5,054	93,713	-	98,767
Payroll liabilities	3,894	-	-	3,894
Due to other fund	-	51,956	-	51,956
	8,948	145,669	-	154,617
Fund equity:				
Fund balance-unreserved and undesignated	294,680	-	-	294,680
Retained earnings (deficit)	-	(130,745)	-	(130,745)
Investment in general fixed assets	-	-	16,139	16,139
Total fund equity	<u>294,680</u>	<u>(130,745)</u>	<u>16,139</u>	<u>180,074</u>
Total liabilities and fund equity	<u>303,628</u>	<u>14,924</u>	<u>16,139</u>	<u>334,691</u>

See accompanying notes and accountants' report.

1998

Governmental Funds		Account Group	Total
General Fund	Enterprise Fund	General Fixed Assets	(Memorandum Only)
216,618	-	-	216,618
168,867	-	-	168,867
-	12,000	-	12,000
2,500	-	-	2,500
-	-	-	-
-	-	-	-
52,722	-	-	52,722
-	-	8,185	8,185
<u>440,707</u>	<u>12,000</u>	<u>8,185</u>	<u>460,892</u>
7,500	2,000	-	9,500
3,209	-	-	3,209
-	<u>52,722</u>	-	<u>52,722</u>
<u>10,709</u>	<u>54,722</u>	-	<u>65,431</u>
429,998	-	-	429,998
-	(42,722)	-	(42,722)
-	-	8,185	8,185
<u>429,998</u>	<u>(42,722)</u>	<u>8,185</u>	<u>395,461</u>
<u>440,707</u>	<u>12,000</u>	<u>8,185</u>	<u>460,892</u>

SHREVEPORT REGIONAL SPORTS AUTHORITY

GOVERNMENTAL FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>General Fund</u>	
	<u>1999</u>	<u>1998</u>
<u>Revenues:</u>		
Grants-City of Shreveport	85,000	270,000
Grants-USAW	15,000	25,000
Interest	15,798	17,207
Miscellaneous revenues	<u>2,130</u>	<u>-</u>
Total revenues	117,928	312,207
<u>Expenditures:</u>		
Promotion of sports events:		
Dues	3,522	1,179
Insurance	14,634	6,072
Rent and utilities	1,057	-
Office supplies and postage	6,781	9,728
Capital outlay-Note 4	7,954	2,658
Telephone	3,794	4,715
Salaries and wages	153,883	121,632
Payroll taxes	12,143	9,088
Printing	4,229	3,830
Secretarial service	410	2,767
Travel and promotion	17,897	9,052
Miscellaneous	3,467	3,898
Marketing	3,086	1,579
Professional services	19,529	11,327
Conferences	<u>860</u>	<u>521</u>
Total expenditures	<u>253,246</u>	<u>188,046</u>
<u>Excess (deficiency) of revenues over expenditures</u>	(135,318)	124,161
<u>Fund balance at beginning of period</u>	<u>429,998</u>	<u>305,837</u>
<u>Fund balance at end of period</u>	<u>294,680</u>	<u>429,998</u>

See accompanying notes and accountants' report.

SHREVEPORT REGIONAL SPORTS AUTHORITY

GOVERNMENTAL FUND

STATEMENTS OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>		
	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Grants-City of Shreveport	85,000	85,000	-
Grants-USA W	15,000	15,000	-
Interest	-	15,798	15,798
Miscellaneous revenues	-	<u>2,130</u>	<u>2,130</u>
Total revenues	<u>100,000</u>	<u>117,928</u>	<u>17,928</u>
<u>Expenditures:</u>			
Promotion of sports events:			
Dues	-	3,522	(3,522)
Insurance	20,000	14,634	5,366
Rent and utilities	12,000	1,057	10,943
Office supplies and postage	6,000	6,781	(781)
Capital outlay	9,000	7,954	1,046
Telephone	2,000	3,794	(1,794)
Salaries and wages	158,500	153,883	4,617
Payroll taxes	14,472	12,143	2,329
Printing	-	4,229	(4,229)
Secretarial service	-	410	(410)
Travel and promotion	26,000	17,897	8,103
Underwriting funds	-	-	-
Miscellaneous	1,500	3,467	(1,967)
Marketing	-	3,086	(3,086)
Professional services	-	19,529	(19,529)
Conferences	-	860	(860)
Total expenditures	<u>249,472</u>	<u>253,246</u>	<u>(3,774)</u>
<u>Excess of expenditures over revenues</u>	<u>(149,472)</u>	<u>(135,318)</u>	<u>14,154</u>

See accompanying notes and accountants' report.

1998		
General Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270,000	270,000	-
25,000	25,000	-
-	17,207	17,207
-	-	-
<u>295,000</u>	<u>312,207</u>	<u>17,207</u>
-	1,179	(1,179)
22,000	6,072	15,928
12,000	-	12,000
6,000	9,728	(3,728)
-	2,658	(2,658)
-	4,715	(4,715)
113,636	121,632	(7,996)
11,364	9,088	2,276
-	3,830	(3,830)
-	2,767	(2,767)
21,610	9,052	12,558
100,000	-	100,000
2,255	3,898	(1,643)
2,390	1,579	811
3,745	11,327	(7,582)
-	521	(521)
<u>295,000</u>	<u>188,046</u>	<u>106,954</u>
<u>-</u>	<u>124,161</u>	<u>124,161</u>

SHREVEPORT REGIONAL SPORTS AUTHORITY

PROPRIETARY FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Revenues:</u>		
Sponsorships	69,619	278,649
Ticket sales	152,644	146,157
Novelty sales	390	24,028
Entry fees	5,002	26,124
Program advertising and sales	240	10,919
Concession sales	5,877	-
Rents and signage	3,992	16,100
Service fees and other	8,646	6,905
Donations	<u>1,000</u>	<u>-</u>
Total revenues	247,410	508,882
 <u>Expenses:</u>		
Bid fees	1,500	23,900
Commissions and management fees	600	2,500
Event services and supplies	33,583	141,194
Game officials	2,151	9,540
Guarantee fees	180,751	218,415
Host and sanction fees	-	6,046
Insurance	741	-
Marketing and promotional	41,752	35,022
Postage and printing	7,104	15,208
Rent	20,525	4,295
Security	15,445	28,002
Telephone	2,385	2,502
Meals and catering	15,169	15,534
Travel and other	10,849	10,831
Concessions	<u>2,878</u>	<u>-</u>
Total expenses	<u>335,433</u>	<u>512,989</u>
 <u>Net (loss)</u>	(88,023)	(4,107)
 <u>Retained earnings (deficit) at beginning of period</u>	<u>(42,722)</u>	<u>(38,615)</u>
 <u>Retained earnings (deficit) at end of period</u>	<u>(130,745)</u>	<u>(42,722)</u>

See accompanying notes and accountants' report.

SHREVEPORT REGIONAL SPORTS AUTHORITY

PROPRIETARY FUND

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Cash flows from operating activities:</u>		
Operating (loss)	(88,023)	(4,107)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Decrease in accounts receivable	7,817	105,777
(Increase) in prepaid expenses	(10,741)	-
Decrease in due from other fund	-	73,057
Increase (decrease) in accounts payable	91,713	(228,149)
(Decrease) increase in due to other fund	<u>(766)</u>	<u>52,722</u>
Net cash (used) by operating activities	-	(700)
<u>Cash at beginning of year</u>	<u>-</u>	<u>700</u>
<u>Cash at end of year</u>	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying notes and accountants' report.

SHREVEPORT REGIONAL SPORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

**INTRODUCTION**

The Shreveport Regional Sports Authority was incorporated on June 17, 1996 as a nonprofit economic development corporation under La. R.S. 33:9020 to promote the City of Shreveport and Northwest Louisiana as a tourist destination by attracting and underwriting professional and amateur sporting events. Operations began in October 1996. The Authority is governed by a board of directors consisting of 9 members, all of whom are appointed by the Mayor of Shreveport and confirmed by a majority of the Shreveport City Council. Members serve six-year terms and receive no compensation for their services.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Shreveport Regional Sports Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement No. 14 establishes criteria for determining which component units should be considered part of the City of Shreveport for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the City to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Shreveport appoints all members of the governing board and has the ability to impose its will on them, the Authority was determined to be a component unit of the City of Shreveport, and reports its financial information under governmental accounting principles. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

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

### C. FUND ACCOUNTING

The Authority uses two funds and an account group (general fixed assets) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The general fund of the Authority is classified as a governmental fund. Governmental funds account for the Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The enterprise fund of the Authority is classified as a proprietary fund. Proprietary funds are used to account for operations whose costs are expected to be recovered through user fees. Such operations typically encompass various sporting events sponsored, managed, produced, or otherwise promoted by the Authority.

### D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of this fund present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund.

The enterprise fund, which is a proprietary fund type, accounts for operations that are operated in a manner similar to private business enterprises, where costs of providing services to the general public on a continuing basis may be recovered partially or wholly through user charges. This fund uses the accrual basis of accounting and the full flow of economic resources as its measurement focus. Under this basis of accounting, the Authority applies all GASB pronouncements, and all FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that do not conflict with the GASB pronouncements.

#### Revenues

Grants from other governments are recorded as revenues in the general fund as they become measurable and available, as is interest income. Revenues are recorded as they are earned in the enterprise fund.

#### Expenditures

Expenditures in the general fund are generally recognized when the fund liability is incurred, as are those in the enterprise fund.

#### Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources. Debt proceeds are accounted for as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

The budget for the ensuing year is prepared by Authority personnel prior to December 31 of each year. The budget is then made available for public inspection at least fifteen days prior to the budget's adoption during the Authority's regular December meeting. The budget is prepared on the modified accrual basis of accounting, and is legally adopted and amended, if necessary, by the Board of Directors. Unexpended appropriations lapse at year end and must be reappropriated in the following year's budget to be expended. Budget amounts included in the accompanying financial statements include the original adopted budget and any subsequent amendments.

F. CASH AND CERTIFICATES OF DEPOSIT

Cash includes amounts in demand deposits and interest bearing demand deposits. Under state law, the Authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Interest costs incurred during construction are capitalized, if material. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH

At December 31, 1999 and 1998, the Authority has cash (book balances) in demand deposits and certificates of deposit that total \$244,522 and \$385,485. These deposits are stated at cost, which approximates market value.

3. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Office furniture and equipment	5,717	6,854	-	12,571
Weight lifting equipment	<u>2,468</u>	<u>1,100</u>	<u>-</u>	<u>3,568</u>
	<u>8,185</u>	<u>7,954</u>	<u>-</u>	<u>16,139</u>

**3. CHANGES IN FIXED ASSETS (Continued)**

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1998</u>
Office furniture and equipment	4,860	857	-	5,717
Weight lifting equipment	<u>667</u>	<u>1,801</u>	-	<u>2,468</u>
	<u>5,527</u>	<u>2,658</u>	-	<u>8,185</u>

**4. LITIGATION AND CLAIMS**

At December 31, 1999, the Authority was not involved in any material litigation or aware of any material claims.

**5. COMPENSATED ABSENCES**

Employees generally accrue annual leave under the following schedule:

<u>Length of Service</u>	<u>Annual Leave Accrual</u>
Less than one year	.42 days per month
From one year to five years	One week per year
Five years or more	Two weeks per year

Unused annual leave may not be carried forward to the succeeding fiscal year.

**6. RELATED PARTY TRANSACTIONS**

A member of the Authority's board of directors, Orvis Sigler, served as interim executive director during late 1998 for a management fee of \$7,500.

**SUPPLEMENTARY INFORMATION**

SCHEDULE I

SHREVEPORT REGIONAL SPORTS AUTHORITY

PROPRIETARY FUND

DETAILS OF STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Southland Conference Basketball</u>	<u>Police/Fire/ EMS Round Ball Classic</u>	<u>Wrangler BASS Tournament</u>	<u>WK Red River Basketball</u>	<u>Border War Block Party</u>	<u>Head of the Red Regatta</u>
<u>Revenues:</u>						
Sponsorships	-	-	27,944	5,175	-	-
Ticket sales	740	-	-	1,524	-	-
Novelty sales	-	30	-	121	199	40
Entry fees	-	1,790	-	2,810	-	402
Program advertising and sales	-	-	-	240	-	-
Concession sales	-	-	-	-	5,877	-
Rents and signage	-	-	-	-	-	-
Service fees and other	-	50	3,585	60	750	-
Donations	-	-	-	-	-	-
Total revenues	<u>740</u>	<u>1,870</u>	<u>31,529</u>	<u>9,930</u>	<u>6,826</u>	<u>442</u>
<u>Expenses:</u>						
Bid fees	-	-	-	-	-	-
Commissions and management fees	-	-	-	-	-	-
Event services and supplies	25	1,255	1,433	1,551	5,951	1,154
Game officials	-	711	-	1,440	-	-
Guarantee fees	13,000	-	37,501	-	-	-
Insurance	-	30	100	-	-	455
Marketing and promotional	-	4,421	-	1,716	3,267	1,482
Concessions	-	-	-	-	2,878	-
Postage and printing	535	2,639	174	-	63	-
Rent	-	100	3,541	2,590	-	-
Security	-	-	-	400	4,298	417
Telephone	-	-	23	82	-	-
Meals and catering	15	45	3,679	216	38	450
Travel and other	-	192	3,129	564	2,093	445
Total expenses	<u>13,575</u>	<u>9,393</u>	<u>49,580</u>	<u>8,559</u>	<u>18,588</u>	<u>4,403</u>
<u>Net income (loss)</u>	<u>(12,835)</u>	<u>(7,523)</u>	<u>(18,051)</u>	<u>1,371</u>	<u>(11,762)</u>	<u>(3,961)</u>

See accountants' report.

<u>Angler's Choice Couples</u>	<u>Grambling/ Arkansas Football Game</u>	<u>Red River Concert</u>	<u>USA Boxing Tournament</u>	<u>Wrestling Grand Gator Grapple</u>	<u>Conference Call 3</u>	<u>Other</u>	<u>Total</u>
10,000	17,300	-	-	-	9,000	200	69,619
-	145,826	4,179	375	-	-	-	152,644
-	-	-	-	-	-	-	390
-	-	-	-	-	-	-	5,002
-	-	-	-	-	-	-	240
-	-	-	-	-	-	-	5,877
-	-	-	-	-	-	3,992	3,992
639	1,200	-	-	282	-	2,080	8,646
-	1,000	-	-	-	-	-	1,000
<u>10,639</u>	<u>165,326</u>	<u>4,179</u>	<u>375</u>	<u>282</u>	<u>9,000</u>	<u>6,272</u>	<u>247,410</u>
-	-	-	1,500	-	-	-	1,500
-	600	-	-	-	-	-	600
1,180	1,384	17,991	115	438	-	1,106	33,583
-	-	-	-	-	-	-	2,151
7,500	106,090	-	1,500	5,000	8,000	2,160	180,751
-	-	-	-	-	-	156	741
-	29,449	-	336	119	-	962	41,752
-	-	-	-	-	-	-	2,878
14	2,861	380	197	30	-	211	7,104
-	10,544	600	1,950	-	-	1,200	20,525
-	7,710	1,230	-	1,140	-	250	15,445
-	2,072	-	-	-	-	208	2,385
8,611	1,443	-	-	555	-	117	15,169
<u>2,485</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>20</u>	<u>-</u>	<u>1,866</u>	<u>10,849</u>
<u>19,790</u>	<u>162,153</u>	<u>20,201</u>	<u>5,653</u>	<u>7,302</u>	<u>8,000</u>	<u>8,236</u>	<u>335,433</u>
<u>(9,151)</u>	<u>3,173</u>	<u>(16,022)</u>	<u>(5,278)</u>	<u>(7,020)</u>	<u>1,000</u>	<u>(1,964)</u>	<u>(88,023)</u>

SCHEDULE II

SHREVEPORT REGIONAL SPORTS AUTHORITY

PROPRIETARY FUND

DETAILS OF STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Southland Conference Basketball</u>	<u>Southland Conference Baseball</u>	<u>Anglers Choice Pro-Am</u>	<u>Saints/ Cowboys Football Game</u>	<u>Grambling/ Arkansas Football Game</u>
<u>Revenues:</u>					
Sponsorships	-	2,500	15,000	250,000	8,184
Ticket sales	-	-	-	-	138,704
Novelty sales	-	-	-	-	-
Entry fees	-	-	-	-	-
Program advertising and sales	-	-	-	-	3,000
Rents and signage	-	-	-	-	-
Service fees and other	<u>1,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total revenues	1,240	2,500	15,000	250,000	151,088
<u>Expenses:</u>					
Bid fees	-	-	10,000	-	-
Commissions and management fees	-	-	-	-	-
Event services and supplies	25	-	780	98,519	19,089
Game officials	-	-	-	-	-
Guarantee fees	12,391	5,325	-	100,000	100,000
Host and sanction fees	-	-	-	-	-
Insurance	-	-	-	-	-
Marketing and promotional	-	-	-	896	14,761
Postage and printing	53	-	15	40	2,868
Rent	-	-	-	-	-
Security	-	-	89	19,173	8,500
Telephone	-	-	-	517	1,985
Meals and catering	2,556	-	8,532	-	1,055
Travel and other	<u>-</u>	<u>-</u>	<u>3,135</u>	<u>-</u>	<u>-</u>
Total expenses	<u>15,025</u>	<u>5,325</u>	<u>22,551</u>	<u>219,145</u>	<u>148,258</u>
<u>Net income (loss)</u>	<u>(13,785)</u>	<u>(2,825)</u>	<u>(7,551)</u>	<u>30,855</u>	<u>2,830</u>

See accountants' report.

<u>ASA National Tournament</u>	<u>ASA Men's Class B</u>	<u>North America Youth Basketball</u>	<u>USA Badminton</u>	<u>High School Football</u>	<u>Other</u>	<u>Total</u>
300	-	165	-	-	2,500	278,649
1,190	2,560	3,703	-	-	-	146,157
4,088	14,508	5,196	236	-	-	24,028
-	16,175	-	9,728	-	985	26,124
38	182	3,350	700	-	2,900	10,919
-	-	-	-	7,000	9,100	16,100
<u>86</u>	<u>3,248</u>	<u>158</u>	<u>606</u>	<u>-</u>	<u>352</u>	<u>6,905</u>
5,702	36,673	12,572	11,270	7,000	15,837	508,882
-	-	5,000	500	-	8,400	23,900
1,250	1,250	-	-	-	-	2,500
1,836	5,322	10,138	4,953	-	532	141,194
1,904	7,364	272	-	-	-	9,540
699	-	-	-	-	-	218,415
2,251	3,750	-	-	-	45	6,046
-	-	-	-	-	-	-
2,437	8,385	2,405	2,543	-	3,595	35,022
139	187	3,582	3,593	-	4,731	15,208
-	-	-	-	4,000	295	4,295
-	-	240	-	-	-	28,002
-	-	-	-	-	-	2,502
200	-	-	3,191	-	-	15,534
<u>1,447</u>	<u>2,555</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>3,378</u>	<u>10,831</u>
<u>12,163</u>	<u>28,813</u>	<u>21,637</u>	<u>15,096</u>	<u>4,000</u>	<u>20,976</u>	<u>512,989</u>
<u>(6,461)</u>	<u>7,860</u>	<u>(9,065)</u>	<u>(3,826)</u>	<u>3,000</u>	<u>(5,139)</u>	<u>(4,107)</u>

OTHER REPORTS

June 2, 2000

Board of Directors  
Shreveport Regional Sports Authority  
Shreveport, Louisiana

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

We have audited the general-purpose financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 2, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 Authority's general-purpose 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 Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 through 99-4.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe Items 99-1 and 99-2 are material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and City of Shreveport, and is not intended to be and should not be used by anyone other than these specified parties.

*Heard, McElroy & Vestal, LLP*

SHREVEPORT REGIONAL SPORTS AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

We have audited the financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 2, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 December 31, 1999 resulted in an unqualified opinion.

Section I-Summary of Auditor's Reports

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

Internal Control - Material weaknesses and reportable conditions noted; no separate management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - Not Applicable

c. Identification of Major Programs - Not Applicable

Section II-Financial Statement Findings

- 99-1. Employee bonuses were authorized by the Board and payable on the last payroll period of 1999. Such bonuses, totaling \$6,200 initially and retroactively increased to \$9,800, were recorded in the general ledger but were not included in the appropriate payroll tax returns and individual employee W-2s. The Authority is amending the appropriate government reporting forms and has notified the employees affected that their individual tax returns may require amendment. Because proper internal control requires consistent reporting of bonus payments in the general ledger and to governmental authorities, we recommend that a procedure be established for an independent reconciliation between wage expense per the general ledger and per the appropriate payroll tax returns at the end of the year in which any employee bonus is paid.
- 99-2. We noted during our audit the lack of audit trails in the general ledger for certain transactions. Inquiries indicated that, with older hardware in use during 1999, there was insufficient hard disk space to effectively run an audit trail report. Management has informed us that new hardware has been acquired to operate in the year 2000 and has the ability to properly handle the Authority's accounting software, including the ability to track all transactions. In addition to this tracking feature, however, we recommend that journal entries always be used to originate or transfer any transaction balances between general ledger accounts. Such entries by themselves establish an adequate audit trail.

- 99-3 The reconciliation of the Authority's operating cash account as of December 31, 1999 did not reflect the effect of voids of four outstanding checks totaling \$2,793.48 as of that date. All bank reconciliations should continue to be performed as of the end of each month, and differences indicated by such reconciliations should be evaluated and adjusted in the general ledger.
- 99-4 The balance in the travel advances account, totaling \$2,500, is unchanged from the prior audit year. We recommended to management that the two transactions representing this amount be evaluated, and adjusted to the appropriate expense accounts as necessary.

SHREVEPORT REGIONAL SPORTS AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 1999

Section I-Financial Statement Findings

- 98-1. Deposits in financial institutions in excess of \$100,000 - resolved.
- 98-2. Submission of sworn annual financial statements - not required, as the Authority has an annual financial statement audit.
- 98-3. No annual inventory of fixed assets - resolved.
- 98-4. Submission of annual audited financial statements within six months of end of fiscal year - resolved.
- 98-5. Certain general fund budget expense categories - resolved.
- 98-6. Limit public access to private operations - resolved.

Section II-Federal Award Findings

Not applicable - no prior year findings.

Section III-Management Letter

Not applicable - no prior year findings.



## Management's Corrective Action Plan for Current Year Findings

1. Response to 99-1: Bonuses were misclassified in a non-payroll general ledger account. The proper procedure would have been to create a payroll item, assign the payroll item to a general ledger payroll account, and use the payroll check preparation system to generate the payment. As this was not done, the error resulted in the bonuses not being included in payroll reports generated in QuickBooks. The general ledger had not been reviewed at the time of the W-2 preparation, so the error was not caught at that time. A payroll item for bonuses has now been created. In addition, the general ledger is now being reviewed monthly and all accounts will be analyzed for any possible errors in payroll misclassification. A reconciliation will be done each quarter and annually before preparation of payroll tax returns and information returns. Amended W-2's are being issued to the affected personnel for 1999 and Form 941 for the quarter ending June 30, 2000, will include a correction of the payroll taxes associated with the bonuses. This procedure is in accordance with IRS instructions re adjustment of previously reported payroll taxes.

**Management has reviewed the transactions that led to this item, to-wit: bonuses were misclassified in a non-payroll general ledger account, and has adopted the above procedure to ensure that all payroll transaction amounts are reported properly on both the books and government reporting forms.**

2. Response to 99-2: Auditor has recommended that journal entries always be used to originate or transfer transaction balances between general ledger accounts. Journal entries are being used where appropriate to transfer balances. However, most entries are originated by the process of creating bills and invoices, writing checks and making deposits; real-time processing is utilized.

Management recognizes the importance of protecting transactions from inadvertent changes or deletions, however, in certain areas, incorrect entries must be voided or deleted rather than journal entried. For example, a duplicate bill entered in the system must be voided or deleted. If a journal entry were made instead, the bill would continue to show up in unpaid bills forever.

Bank reconciliations will be performed only by the Executive Director or the CPA. All outstanding checks will be reviewed each month for possible voiding at that time. After review and reconciliation of the bank statement, the month will in effect be closed by password protecting from change or deletion all transactions prior to the end of the month reviewed. Current year checks which are determined by circumstances, e.g. an unsuccessful bid for an

event with the check being returned, to be void will continue to be voided using the "Void" feature of the QuickBooks program until the issuance of financial statements for said year. After that time, a current year journal entry will be made to void any prior year checks. We believe the above-stated procedures will eliminate or reduce the difficulty that led to this item. The audit trail generated by QuickBooks will track any changes made and the original documents generated will always remain unchanged and available.

**Management has reviewed the transactions that led to this item, to-wit: difficulty in tracing original entry of item, and has implemented a policy wherein the entire general ledger will be reviewed monthly and any necessary changes to account or event classification made at that time.**

3. Response to 99-3: These checks were voided during a routine bank reconciliation by management of the March 2000 bank statement. This reconciliation was done prior to the preparation of the 1999 General Ledger for the auditors. At the time the December 1999 bank reconciliation was done, three of these checks had not been returned to SRSA, so there was no way to know that they would be voided in the future.

The Trial Balance properly reflected the voiding of the aforementioned checks due to the fact that the "voided" checks had been received by management after the 1/26/2000 reconciliation and duly voided on the March 2000 bank statement prior to issuance of Trial Balance and General Ledger to auditors in April 2000. At the time of reconciling March 2000 bank statement duly voiding aforementioned checks, QuickBooks adjusted the general ledger to reflect the proper balance. Reconciled bank statements cannot be regenerated and altered/adjusted; however, the general ledger is automatically adjusted.

Unless a check is prepared in error, future circumstances determine whether a check will be voided. In SRSA's case, due to the nature of its activities, it can be many months or even a year or more before it is known that a check will be voided, e.g. when a bid fee is held by an organization until awarding of the bid. Unsuccessful bid checks are then returned to the bidders. If the year is still open, that is, financial statements have not been issued, the standard practice is to void checks when management determines a check will not be presented. Therefore, any future reconciliation between the checking account balance on the computer and a previously done bank reconciliation should include consideration of void checks.

**Management has reviewed the transaction that led to this item, to-wit: difficulty in tracing adjustments in bank reconciliations to general ledger, and will continue to reconcile bank statements at the end of the**

**month and any differences in bank reconciliation and general ledger will be analyzed and adjusted accordingly.**

4. Response to 99-4: \$1,500.00 underwriting expense for Lil' Jags Basketball was anticipated to be reimbursed. Management decision was made to reclassify to office sponsorship expense. \$1,000.00 travel and lodging office expense was inadvertently not reclassified from travel advance.

**Management has properly reclassified and adjusted to the appropriate expense accounts.**