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SHREVEPORT-BOSSIER CONVENTION  
& TOURIST BUREAU

FINANCIAL STATEMENTS

Years Ended

December 31, 1997 and December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 10-28-98

Miller, McIntosh, Carpenter & Earnest  
Certified Public Accountants

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# MILLER, McINTOSH, CARPENTER & EARNEST

CERTIFIED PUBLIC ACCOUNTANTS

(A Professional Corporation)

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## INDEPENDENT AUDITOR'S REPORT

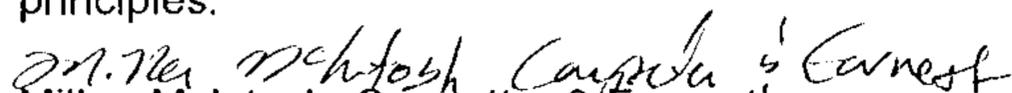
To the Board of Directors  
Shreveport-Bossier Convention  
and Tourist Bureau  
Shreveport, Louisiana

We have audited the financial statements of the Shreveport-Bossier Convention and Tourist Bureau ("Bureau") as of December 31, 1997 and December 31, 1996, and for the years then ended. The financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit 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 audit to obtain a 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.

Because of inadequacies in the Bureau's accounting records, we were unable to form an opinion regarding the completeness of cash and cash equivalents in the accompanying statement of financial position.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had cash and cash equivalents been susceptible to audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Bureau as of December 31, 1997 and 1996 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

  
Miller, McIntosh, Carpenter & Earnest  
August 31, 1998

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
STATEMENTS OF FINANCIAL POSITION  
December 31, 1997 and 1996

|   | <u>1997</u>              | <u>1996</u>              |
|---|--------------------------|--------------------------|
| Current Assets                            |                          |                          |
| Cash and cash equivalents                 | \$ 59,834                | \$ -                     |
| Accounts receivable                       | 66,656                   | 17,759                   |
| Prepaid expenses                          | 54,726                   | 56,121                   |
| Total Current Assets                      | <u>181,216</u>           | <u>73,880</u>            |
| Property, Plant and Equipment             | <u>584,868</u>           | <u>564,224</u>           |
| Total Assets                              | <u><u>\$766,084</u></u>  | <u><u>\$638,104</u></u>  |
| Current Liabilities                       |                          |                          |
| Cash overdraft                            | \$ -                     | \$ 35,387                |
| Accounts payable                          | 64,078                   | 40,229                   |
| Accrued taxes payable                     | \$ 7,061                 | (2,129)                  |
| Grants and unconditional promises to give | 125,000                  | 41,000                   |
| Total Current Liabilities                 | <u>196,139</u>           | <u>114,487</u>           |
| Long-Term Liabilities                     | 29,892                   | 41,754                   |
| Net Assets                                |                          |                          |
| Unrestricted                              | 510,161                  | 440,110                  |
| Temporarily restricted                    | 29,892                   | 41,753                   |
| Total Net Assets                          | <u>540,053</u>           | <u>481,863</u>           |
| Total Liabilities and Net Assets          | <u><u>\$ 766,084</u></u> | <u><u>\$ 638,104</u></u> |

See accompanying notes.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 1997 and 1996

|   | <u>1997</u>                  | <u>1996</u>                  |
|---|------------------------------|------------------------------|
| <b>UNRESTRICTED NET ASSETS</b>                                  |                              |                              |
| Support   |                              |                              |
| Occupancy tax   | \$1,829,643                  | \$1,692,148                  |
| Participating programs  | 279,648                      | 124,681                      |
| Other revenues  | 52,739                       | 25,326                       |
| <b>TOTAL UNRESTRICTED SUPPORT</b>                               | <u>2,162,030</u>             | <u>1,842,155</u>             |
| Net assets released from restrictions                           |                              |                              |
| Restrictions satisfied by payments                              | 11,861                       | (9,223)                      |
| <b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS</b>         | <u>2,173,891</u>             | <u>1,832,932</u>             |
| <br>Expenses  |                              |                              |
| Program services  |                              |                              |
| Tourism   | 895,668                      | 1,249,703                    |
| Convention  | 250,395                      | 231,093                      |
| Communication   | 370,166                      | 306,063                      |
| Supporting services   |                              |                              |
| Administrative and general                                      | 587,611                      | 331,127                      |
| <b>TOTAL EXPENSES</b>   | <u>2,103,840</u>             | <u>2,117,986</u>             |
| <br><b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>       | <br>70,051                   | <br>(285,054)                |
| <br><b>TEMPORARILY RESTRICTED NET ASSETS</b>                    |                              |                              |
| Net assets released from restrictions                           |                              |                              |
| Restrictions satisfied by payments                              | (11,861)                     | 9,223                        |
| <b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b> | <u>(11,861)</u>              | <u>9,223</u>                 |
| <br><b>INCREASE (DECREASE) IN NET ASSETS</b>                    | <br>58,190                   | <br>(275,831)                |
| <br><b>NET ASSETS AT BEGINNING OF YEAR</b>                      | <br><u>481,863</u>           | <br><u>757,694</u>           |
| <br><b>NET ASSETS AT END OF YEAR</b>                            | <br><u><u>\$ 540,053</u></u> | <br><u><u>\$ 481,863</u></u> |

See accompanying notes.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 1997 and 1996

|   | <u>1997</u>             | <u>1996</u>               |
|---|-------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |                           |
| Increase (decrease) in net assets   | \$ 58,190               | \$ (275,831)              |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash provided by operating activities: |                         |                           |
| Depreciation  | 57,058                  | 26,725                    |
| (Increase) decrease in operating assets   |                         |                           |
| Accounts receivable   | (48,897)                | 25,174                    |
| Prepaid expenses  | 1,396                   | (22,945)                  |
| Increase (decrease) in operating liabilities  |                         |                           |
| Accounts payable  | 23,849                  | 23,753                    |
| Accrued payroll taxes   | 9,189                   | (17,562)                  |
| Grants and unrestricted promises to give  | 84,000                  | 14,954                    |
| <b>NET CASH PROVIDED (USED) BY OPERATING<br/>ACTIVITIES</b>   | <u>184,785</u>          | <u>(225,732)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |                           |
| Payments for property and equipment   | <u>(77,702)</u>         | <u>(227,905)</u>          |
| <b>NET CASH PROVIDED (USED) BY INVESTING<br/>ACTIVITIES</b>   | <u>(77,702)</u>         | <u>(227,905)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                         |                           |
| Proceeds on long-term borrowing   | -                       | 19,030                    |
| Payments on long-term notes   | <u>(11,862)</u>         | <u>(9,807)</u>            |
| <b>NET CASH PROVIDED (USED) BY FINANCING<br/>ACTIVITIES</b>   | <u>(11,862)</u>         | <u>9,223</u>              |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>   | 95,221                  | (444,414)                 |
| <b>BEGINNING CASH AND CASH EQUIVALENTS</b>  | <u>(35,387)</u>         | <u>409,027</u>            |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>   | <u><u>\$ 59,834</u></u> | <u><u>\$ (35,387)</u></u> |

See accompanying notes.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Shreveport-Bossier Convention and Tourist Bureau ("Bureau") have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Bureau considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Bureau to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums to assure adequate financing of such improvements and acquisitions.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Bureau pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Bureau with specific assistance programs, solicitations, and various committee assignments. The Bureau receives more than 500 volunteer hours each year.

Income Tax Status

The Bureau is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Activities

The Bureau serves to foster the promotion of the convention and visitor industry of the Shreveport and Bossier City metropolitan area . The Bureau is supported through the proceeds derived from a three-percent (3%) occupancy tax on all area hotel and motel patrons. The tax is calculated on the gross room receipts of all area hotels, motels, RV campgrounds, and bed and breakfasts.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Depreciation expense for the years ended December 31, 1997 and 1996 totaled \$57,058 and \$46,283, respectively.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE B - ADVERTISING

The Bureau uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During 1997 and 1996, advertising costs totaled \$414,040 and \$372,047, respectively.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE C - CASH FLOW INFORMATION

The Bureau had noncash financing and investing activities in 1997 and 1996 related to the cost of acquiring an automobile, and the refinancing of existing term loans, through a series of notes payable to Hibernia National Bank. The cost of these notes amounted to \$-0- and \$19,030 in 1997 and 1996, respectively.

Interest paid in 1997 and 1996 was as follows:

|          | 1997     | 1996     |
|----------|----------|----------|
| Interest | \$ 2,680 | \$ 3,170 |

NOTE D - CHANGE IN ACCOUNTING PRINCIPLES

Change for New Pronouncement

The Bureau elected to adopt Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. As permitted by SFAS No. 116, the Bureau has retroactively applied the provisions of this new Statement by restating net assets as of December 31, 1995. There were no time restricted contributions or deferred revenues as of December 31, 1995. Therefore, no adjustment to net assets was required.

In 1996, the Bureau elected to adopt Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Bureau is required to present a Statement of Cash Flows. As permitted by this new Statement, the Bureau has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996 or 1997.

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE E - COMMITMENTS

The Bureau is currently in a three year employment agreement with its Executive Director. This agreement ends December 31, 1998. The aggregate commitment under this agreement was approximately \$77,000 and \$154,000 as of December 31, 1997 and 1996, respectively.

NOTE F - DEBT

Notes Payable

The Bureau has notes that are payable to Hibernia National Bank, NA with aggregate monthly installments totaling \$1,211. These notes are secured by the assignment of savings certificates currently on deposit with said bank.

The Bureau's obligation under notes payable, as of December 31, 1997, consists of the following:

|   |                  |
|---|------------------|
| Hibernia National Bank, bearing 7.5% interest, due in monthly installments of \$460.97, including interest, through January 25, 2000, secured by assignment of funds on deposit with crediting institution. | \$ 10,598        |
| Hibernia National Bank, bearing 7.25% interest, due in monthly installments of \$328.49, including interest, through March 19, 2000, secured by assignment of funds on deposit with crediting institution.  | 8,139            |
| Hibernia National Bank, bearing 7.25% interest, due in monthly installments of \$421.51, including interest, through May 19, 2000, secured by assignment of funds on deposit with crediting institution.    | <u>11,155</u>    |
| Total Notes Payable   | <u>\$ 29,892</u> |

The Bureau's obligation under notes payable, as of December 31, 1996, consists of the following:

|   |           |
|---|-----------|
| Hibernia National Bank, bearing 7.5% interest, due in monthly installments of \$460.97, including interest, through January 25, 2000, secured by assignment of funds on deposit with crediting institution. | \$ 15,148 |
|---|-----------|

SHREVEPORT-BOSSIER CONVENTION  
 AND TOURIST BUREAU  
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE F - DEBT (continued)

|  |                  |
|--|------------------|
| Hibernia National Bank, bearing 7.25% interest, due in monthly installments of \$328.49, including interest, through March 19, 2000, secured by assignment of funds on deposit with crediting institution. | 11,363           |
| Hibernia National Bank, bearing 7.25% interest, due in monthly installments of \$421.51, including interest, through May 19, 2000, secured by assignment of funds on deposit with crediting institution.   | <u>15,242</u>    |
| Total Notes Payable  | <u>\$ 41,753</u> |

The future scheduled maturities of long-term debt are as follows:

|                           |                 |
|---------------------------|-----------------|
| Years ending December 31: |                 |
| 1997                      | \$8,747         |
| 1998                      | 12,455          |
| 1999                      | 13,813          |
| 2000                      | 5,671           |
| 2001                      | 2,039           |
| Thereafter                | <u>0</u>        |
|                           | <u>\$42,725</u> |

The above notes all feature a demand clause which, at the discretion of the creditor, may be exercised. As of the date of the issuance of this report, this clause has not been exercised.

NOTE G - EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

For the period under this report, the Bureau maintained a tax-deferred annuity plan which was qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Bureau, who have met specific participation criteria. The Bureau will match employee deferrals, up to the maximum deferral amount of five percent (5%) of annual salary. The Bureau's contribution to the plan for the year ended 1997 and 1996, totaled \$17,652 and \$17,073, respectively.

SHREVEPORT-BOSSIER CONVENTION  
 AND TOURIST BUREAU  
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE G - EMPLOYEE BENEFIT PLANS (continued)

In accordance with the contract with its Executive Director, as discussed in Note E above, the Bureau also maintains a deferred compensation plan, for the exclusive use of the Director. Under this plan, the Bureau will defer a set ten percent (10%) of the Executive Director's annual salary. The Bureau's contribution to this plan for the year ended 1997 and 1996, totaled \$7,950 and \$7,250, respectively.

NOTE H - FINANCIAL INSTRUMENTS

Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivable

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of temporary cash investments. The Bureau places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. As of December 31, 1997 and 1996, the Bureau had no significant concentrations of credit risk.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits (Cash balances at a single financial institution)

The Bureau maintains its cash balances in one financial institution located in Shreveport Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. From time to time, total balances on deposit may exceed this Federally insured limit. At December 31, 1997 and 1996, cash balances did not exceed Federally insured limits.

Fair Values of Financial Instruments

The estimated fair values of the Bureau's financial instruments, none of which are held for trading purposes, are as follows:

|                                 |      | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|---------------------------------|------|----------------------------|-----------------------|
| Cash and short-term investments | 1997 | \$59,834                   | \$59,834              |
|                                 | 1996 | \$80,627                   | \$80,627              |

SHREVEPORT-BOSSIER CONVENTION  
 AND TOURIST BUREAU  
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE H - FINANCIAL INSTRUMENTS (continued)

Cash and short-term investments--the carrying amount approximates fair value because of the short maturities of those investments.

NOTE I - GRANTS PAYABLE

Grants Authorized but Unpaid

Grants authorized but unpaid at year end are reported as liabilities. The following is a summary of grants for qualifying organizations which were authorized and payable at year end.

|                                  | December 31,     |                 |
|----------------------------------|------------------|-----------------|
|                                  | 1997             | 1996            |
| Recipient Organization:          |                  |                 |
| Cypress Zoological Society       | \$50,000         | \$16,000        |
| Shreveport Regional Arts Council | 50,000           |                 |
|                                  | <u>\$100,000</u> | <u>\$16,000</u> |

NOTE J - LEASES-LESSEES

Operating Leases

The Bureau has entered into noncancelable operating leases, primarily for various forms of equipment, that expire at various dates through November of 1999. The leases generally contain renewal options for periods ranging from three to ten years and require the Bureau to pay all executory costs such as taxes, maintenance, and insurance. Rental expense for the leases totaled of \$3,168 and \$3,168 for the years ended December 31, 1997 and 1996.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 1997 are:

| Years Ending December 31: |                |
|---------------------------|----------------|
| 1998                      | \$3,168        |
| 1999                      | 2,904          |
| 2000                      | 0              |
| 2001                      | 0              |
| 2002                      | 0              |
|                           | <u>\$6,072</u> |

SHREVEPORT-BOSSIER CONVENTION  
 AND TOURIST BUREAU  
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE K - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

|                          | <u>1997</u>             | <u>1996</u>             |
|--------------------------|-------------------------|-------------------------|
| Building                 | 457,274                 | 419,839                 |
| Equipment                | 279,758                 | 253,456                 |
| Furnishings              | 48,251                  | 39,560                  |
| Signage                  | 26,913                  | 21,837                  |
| Vehicles                 | 70,692                  | 70,692                  |
|                          | <u>\$882,888</u>        | <u>\$805,384</u>        |
| Accumulated depreciation | <u>(298,020)</u>        | <u>(442,343)</u>        |
|                          | <u><u>\$584,868</u></u> | <u><u>\$363,041</u></u> |

NOTE L - RELATED PARTY TRANSACTIONS

The Bureau currently maintains an operating relationship with the Shreveport Bossier Film Assistance Office ("FAO"). The FAO is a non-profit organization. The Bureau is contractually obligated to fund the operations of the FAO for \$25,000 on an annual basis. In addition, the Bureau currently funds payroll and related liabilities of the FAO. These expenses are recorded as a current receivable on the books of the Bureau. There are no repayment terms on the associated receivable.

The Bureau currently provides office space to the Shreveport Sports Authority ("Sports"). Sports is a non-profit organization. The space is provided on a rent-free basis.

NOTE M - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purpose or periods:

|                 | <u>1996</u>            | <u>1997</u>            |
|-----------------|------------------------|------------------------|
| Debt maturities | <u>\$41,753</u>        | <u>\$29,892</u>        |
|                 | <u><u>\$41,753</u></u> | <u><u>\$29,892</u></u> |

SHREVEPORT-BOSSIER CONVENTION  
AND TOURIST BUREAU  
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE N - SUBSEQUENT EVENTS

As of the date of this report, there were no subsequent events which would adversely impact these financial statements.

# MILLER, McINTOSH, CARPENTER & EARNEST

CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Corporation)

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PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Shreveport-Bossier Convention  
and Tourist Bureau  
Shreveport, Louisiana

We have audited the financial statements of the Shreveport-Bossier Convention and Tourist Bureau, Inc. ("Bureau"), for the years ended December 31, 1997 and 1996, and have issued our report thereon dated August 31, 1998.

We have conducted our audit 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 audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Bureau is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements made by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Bureau for the years ended December 31, 1997 and 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design and relevant policies and procedures and whether they have been placed in operation. In addition, we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to capture, record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

There is little segregation of duties with respect to control over certain accounting functions. This condition is caused by a limited operating budget and administrative staff. A small administrative staff size results in incompatible duties being performed by the same person.

In addition, there is an absence of a sufficient level of controls and control consciousness within the organization as a whole.

A material weakness is a reportable condition in which the design or operation of one or more internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in the 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

Shreveport-Bossier Convention & Tourist Bureau, Inc.  
Auditor's Report on Internal Control Structure  
Page 3 of 3

The Bureau has inadequate procedures for appropriately assessing and applying accounting principles. The bureau currently does not have a formalized accounting policies and procedures manual which could be utilized by Bureau personnel to appropriately capture and record all transacting events.

Sufficient evidence exists that the Bureau failed to perform tasks that are an intergral part of the internal controls. Tasks not performed, or not performed in a timely fashion, included lack of account reconciliaitons. Lack of these reconciliations caused several misstatements of accounting information, which would have otherwise been detected.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Bureau in a separate letter dated August 31, 1998.

This report is intended for the information of management and the Board of Directors of the Bureau. However, this report is a matter of public record, and its distribution is not limited.

*Miller, McIntosh, Carpenter & Earnest*  
Miller, McIntosh, Carpenter & Earnest  
August 31, 1998

# MILLER, McINTOSH, CARPENTER & EARNEST

CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Corporation)

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AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS  
\*TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Shreveport-Bossier Convention  
and Tourist Bureau  
Shreveport, Louisiana

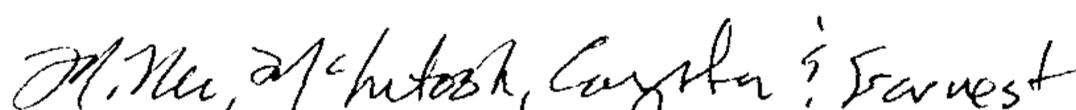
We have audited the financial statements of the Shreveport-Bossier Convention and Tourist Bureau, Inc. ("Bureau"), as of and for the years ended December 31, 1997 and 1996, and have issued our report thereon dated August 31, 1998.

We have conducted our audit 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 audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Bureau, is the responsibility of the Bureau's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Bureau's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objectives of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

This report is intended for the information of management and the Board of Directors of the Bureau. However, this report is a matter of public record, and its distribution is not limited.

  
Miller, McIntosh, Carpenter & Earnest  
August 31, 1998

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## MANAGEMENT LETTER

To the Board of Directors  
Shreveport-Bossier Convention  
and Tourist Bureau  
Shreveport, Louisiana

We have audited the financial statements of the Shreveport-Bossier Convention and Tourist Bureau, Inc. ("Bureau") as of and for the years ended December 31, 1997 and 1996, and have issued our report thereon dated August 31, 1998.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the Bureau. Findings that we felt material to the financial statement have been included in the auditor's report on the internal control structure. As a supplement to the reports which are bound with the financial statements, we submit for your consideration our comments pertaining to the following observations which did not meet the criteria of being material to the financial statements.

### **Late Issuance of Audit Report**

The audit report is required by Louisiana Revised Statute to be submitted to the Legislative Auditor within six months after the Bureau's year end. The audit report for the years ended 1997 and 1996 was issued after the required date due to the condition and availability of the records involved, as well as the lack of pertinent account reconciliations.

### **Accounting Data Safekeeping**

The Bureau currently does not have procedures in place to ensure the integrity and availability of accounting data and records in the event of fire or other disaster. The Bureau should make provisions to include, but limited to, supplying daily magnetic tape backups of computerized accounting records. The Bureau should also establish an offsite safekeeping procedure for data.

### **Accounting Policies and Procedures Manual**

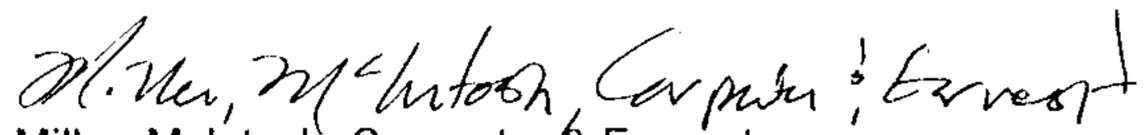
The Bureau currently does not maintain a policies and procedures manual dedicated to the accounting department. The Bureau should take steps to complete such a manual in an effort to assist accounting personnel in the proper systematic and routine capture and recordation of accounting transactions.

Shreveport-Bossier Convention and Tourist Bureau, Inc.  
Management Letter  
Page 2 of 2

**Internal Control Policies and Procedures**

The Bureau has deficiencies in its internal control structure. A sound internal control structure is imperative to ensure the proper processing, capture and recordation of accounting transactions. The Bureau should take immediate steps to revise and improve its internal control structure policies and procedures.

We would like to express our appreciation for the cooperation and assistance extended to us during our audit. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

  
Miller, McIntosh, Carpenter & Earnest  
September 17, 1998



## MANAGEMENT'S CORRECTIVE ACTION PLAN

The following corrective action plan is being adopted relative to those findings contained in the audit of our financial statements for the years ended December 31, 1997 and 1996, as issued by Miller, McIntosh, Carpenter & Earnest.

### Internal Control Structure Reportable Conditions:

#### Segregation of duties

We understand the necessity of segregating compatible functions within the accounting department. We have proceeded in separating all duties possible given the limited staff that we have. Beyond these changes, current budget levels do not provide for additional staff.

#### Level of controls and control consciousness

The bureau is in the process of analyzing and revising our entire system of internal controls. We will aggressively address this issue, due to its entity wide impact. We intend to submit the outline of our new internal control system to our external auditors for review and input. When complete, all levels of management and staff will be brought up to date on these new procedures.

#### Inadequate procedures

We agree that our procedures for the proper capture and recording of transactions must be improved. In our revision of our internal control structure, we will also prepare an accounting department policies and procedures manual. We feel that the formalization of the procedures followed by department personnel will help minimize the likelihood that any material errors could occur within the financial statements without being discovered in a timely fashion.

### Management Letter Comments:

#### Late issuance of audit report

This represents the second audit which was not issued within the statutory deadline. In order to correct this problem, on the advice of our auditors, we will revert to an annual audit instead of the bi-annual audit. We feel that this will prevent any lapses in the availability or integrity of the accounting data under examination.

#### Accounting data safekeeping

The bureau is upgrading its entire computer system. In this upgrade, we will install a new accounting system and a magnetic backup drive. This should address all data safekeeping issues.

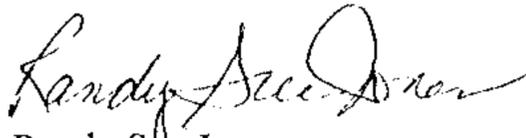
Corrective Action Plan  
Page 2 of 2

Accounting policies and procedures manual

As noted above, the bureau is in the process of preparing its first formal policies and procedures manual. The goal of the bureau is to have these new policies in place prior to the commencement of the audit of our financial statements for the year ending December 31, 1998.

We wish to express our appreciation to the assistance and advice extended to us during this most recent audit. Any questions regarding this corrective action plan should be addressed to Randy Sue Jones at the Shreveport-Bossier Convention and Tourist Bureau.

Sincerely,

A handwritten signature in cursive script that reads "Randy Sue Jones".

Randy Sue Jones  
Controller