

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana

FINANCIAL REPORT
December 31, 2019

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana

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As of and for the Year Ended December 31, 2019

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Independent Auditor's Report

To the Board of Commissioners of the
DeSoto Parish Tourist Bureau
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the DeSoto Parish Tourist Bureau (Tourist Bureau), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Tourist Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tourist Bureau as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as "Required Supplementary Information Part 1" in the tables of contents and the budgetary comparison schedule-General Fund listed as "Required Supplementary Information Part II in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule – General Fund is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tourist Bureau's basic financial statements. The schedule of compensation, benefits and other payments to agency head of chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513 (A)(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The "other supplemental information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2020, on our consideration of the Tourist Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tourist Bureau's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated August 28, 2020, on the results of those procedures, in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Governmental Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
August 28, 2020

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Tourist Bureau (Tourist Bureau), we offer the readers of the Tourist Bureau's financial statements this narrative overview and analysis of the financial activities of DeSoto Parish Tourist Bureau as of and for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Tourist Bureau's basic financial statements and supplementary information provided in the report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Tourist Bureau was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by DeSoto Parish Tourist Bureau.

FINANCIAL HIGHLIGHTS

DeSoto Parish Tourist Bureau experienced an increase in its total net position of \$219,079 or 46.86% during the year. At December 31, 2019, the assets of the Tourist Bureau exceeded its liabilities by \$686,590.

DeSoto Parish Tourist Bureau's total revenues increased \$506,732 or 179.60% to \$788,871 in 2019 from \$282,139 in 2018, primarily due to a visitor enterprise fund grant from the State of Louisiana.

Occupancy taxes increased \$10,645 (7.98%) to \$144,016 during the year ended December 31, 2019, compared to \$133,371 during 2018.

DeSoto Parish Tourist Bureau's total expenses increased \$383,217 or 205.40% to \$569,792 in 2019 from \$186,575 in 2018, primarily associated with the visitor enterprise fund grant previously referenced.

DeSoto Parish Tourist Bureau's governmental fund balance increased \$219,079 or 46.86% from \$467,511 in 2018 to \$686,590 for the year ended December 31, 2019.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which includes government-wide financial statements and fund financial statements. These two types of financial statements present the Tourist Bureau's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statement

The government-wide financial statements report information about the Tourist Bureau as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Tourist Bureau's assets and all of its liabilities. All of the Tourist Bureau's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by an occupancy sales tax on hotel, motel & overnight camping facility stays and intergovernmental revenues in the form of grants.

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Mansfield, Louisiana
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Fund Financial Statements

Fund financial statements provide detailed information regarding the Tourist Bureau's most significant activities and are not intended to provide information for the Tourist Bureau as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Tourist Bureau's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Tourist Bureau's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Tourist Bureau adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplemental Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF THE TOURIST BUREAU AS A WHOLE

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2019, the Tourist Bureau's assets exceed its liabilities by \$686,590 (net position).

Unrestricted net position is 100% of total net position as of December 31, 2019, and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

Cash and cash equivalents increased \$236,417 (48.10%) from \$457,942 (Restated) in 2018 to \$678,226 at December 31, 2019.

Accounts receivables, consisting of 100% occupancy taxes, increased \$7,261 (71.78%) from \$10,116 in 2018 to \$17,377 at December 31, 2019.

Total liabilities increased \$10,966 (2,004.75%) from \$547 in 2018 to \$11,513 at December 31, 2019. This increase was primarily the result of accruing compensated absences and accounts payable in 2019.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
December 31, 2019

A Summary of Statement of Net Position is as follows:

| ASSETS | Governmental Activities | | % Change |
|------------------------------|-------------------------|-------------------|-----------------|
| | 2019 | 2018 (Restated) | |
| Cash and cash equivalents | \$ 678,226 | \$ 457,942 | 48.10% |
| Accounts receivable | 17,377 | 10,116 | 71.78% |
| Prepaid expense | 2,500 | - | 100.00% |
| Total assets | <u>\$ 698,103</u> | <u>\$ 468,058</u> | <u>49.15%</u> |
| | | | |
| LIABILITIES | 2019 | 2018 (Restated) | % Change |
| Accounts Payable | \$ 6,002 | \$ - | 100.00% |
| Payroll Liabilities | 1,677 | 547 | 206.58% |
| Accrued compensated absences | 3,834 | - | 100.00% |
| Total liabilities | <u>\$ 11,513</u> | <u>\$ 547</u> | <u>2004.75%</u> |
| | | | |
| NET POSITION | 2019 | 2018 (Restated) | % Change |
| Unrestricted | 686,590 | 467,511 | 46.86% |
| Total net position | <u>\$ 686,590</u> | <u>\$ 467,511</u> | <u>46.86%</u> |

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by \$506,732 or 179.60% in 2019. Approximately, 81.61% of the Tourist Bureau's total revenues for 2019 come from operating grants and contributions and 18.26% from occupancy taxes. Total expenses increased \$383,217 or 205.40% in 2019.

Operating grants and contribution revenue for the Tourist Bureau increased by \$495,463 (334.06%) in 2019, primarily due to a single visitor enterprise fund grant from the State of Louisiana.

A Summary of Statement of Activities is as follows:

| | Governmental Activities | | % Change |
|----------------------------------|-------------------------|-------------------|----------------|
| | 2019 | 2018 (Restated) | |
| Program Revenues: | | | |
| Operating grants & contributions | \$ 643,779 | \$ 148,316 | 334.06% |
| General Revenues: | | | |
| Occupancy taxes | 144,016 | 133,371 | 7.98% |
| Interest earnings | 1,076 | 452 | 138.05% |
| Total revenues | <u>788,871</u> | <u>282,139</u> | <u>179.60%</u> |
| Expenses | | | |
| Tourism | <u>569,792</u> | <u>186,575</u> | <u>205.40%</u> |
| Total expenses | <u>569,792</u> | <u>186,575</u> | <u>205.40%</u> |
| Increases in net position | 219,079 | 95,382 | 129.69% |
| Net Position, beginning | <u>467,511</u> | <u>372,129</u> | <u>25.63%</u> |
| Net Position, ending | <u>\$ 686,590</u> | <u>\$ 467,511</u> | <u>46.86%</u> |

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
December 31, 2019

FINANCIAL ANALYSIS OF THE TOURIST BUREAU'S GOVERNMENT FUNDS

For the year ended December 31, 2019, there were no differences between the government-wide presentation and the fund financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Library complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq). The Tourist Bureau adopted a budget for its General Fund for the year ended December 31, 2019. The budget was amended twice during the year. Total budgeted revenues did not exceed actual revenues. Total actual expenditures were less than the final budget.

DEBT ADMINISTRATION

At December 31, 2019, the Tourist Bureau had no debt on capital assets.

CAPITAL ASSETS

The Tourist Bureau did not acquire any capital assets in 2019.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the Tourist Bureau is derived from a three percent tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the boundaries of DeSoto Parish. This tax is subject to changes in the economy in the short-term and in the long-term. Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. Given the nature of the Tourist Bureau's reliance on the aforementioned occupancy tax, revenues for 2020 could be impacted, which would require changes to the budget for the year ended December 31, 2020.

CONTACTING THE TOURIST BUREAU

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Tourist Bureau and to show the Tourist Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Rogers, Executive Director, at 872-1177.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2019

| | Governmental Fund Financial Statements | | Government-wide Statements |
|--------------------------------------------|-------------------------------------------|-------------------------|-------------------------------|
| | Balance Sheet | | Statement of |
| | General Fund | Adjustments | Net Position |
| ASSETS | | | |
| Cash and cash equivalents | \$ 678,226 | \$ - | \$ 678,226 |
| Accounts receivable | 17,377 | - | 17,377 |
| Prepaid expenses | 2,500 | - | 2,500 |
| TOTAL ASSETS | \$ 698,103 | - | 698,103 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 6,002 | - | \$ 6,002 |
| Payroll liabilities | 1,677 | - | 1,677 |
| Total current liabilities | <u>7,679</u> | <u>-</u> | <u>7,679</u> |
| Long-term liabilities: | | | |
| Accrued compensated absences | <u>3,834</u> | <u>-</u> | <u>3,834</u> |
| TOTAL LIABILITIES | <u>11,513</u> | <u>-</u> | <u>11,513</u> |
| FUND BALANCE / NET POSITION | | | |
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepaid expenses | 2,500 | (2,500) | |
| Unassigned | <u>684,090</u> | <u>(684,090)</u> | <u>-</u> |
| TOTAL FUND BALANCES | <u>686,590</u> | <u>(686,590)</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>698,103</u> | <u>(686,590)</u> | <u>-</u> |
| Net position: | | | |
| Unrestricted | | <u>686,590</u> | <u>686,590</u> |
| TOTAL NET POSITION | | \$ <u>-</u> | \$ <u>686,590</u> |

The accompanying notes are an integral part of this statement. See accompanying independent auditor's report.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES**

For the year ended December 31, 2019

| | Governmental Fund Financial Statements Statement of Revenues Expenditures, and Changes in Fund Balance | Adjustments | Government-wide Statements Statement of Activities |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------|
| | General Fund | | |
| EXPENDITURES/EXPENSES | | | |
| Tourism: | \$ | \$ | \$ |
| Personnel & related benefits | 60,064 | - | 60,064 |
| Advertising and marketing | 158,502 | - | 158,502 |
| Operating expenses | 62,726 | - | 62,726 |
| Sub-recipient grants | 288,500 | - | 288,500 |
| TOTAL EXPENDITURES/EXPENSES | 569,792 | - | 569,792 |
| PROGRAM REVENUES | | | |
| Operating grants & contributions | 643,779 | - | 643,779 |
| TOTAL PROGRAM REVENUES | 643,779 | - | 643,779 |
| NET PROGRAM REVENUE (EXPENSE) | 73,987 | - | 73,987 |
| GENERAL REVENUES | | | |
| Occupancy taxes | 144,016 | - | 144,016 |
| Interest earnings | 1,076 | - | 1,076 |
| TOTAL GENERAL REVENUES | 145,092 | - | 145,092 |
| NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION | 219,079 | - | 219,079 |
| FUND BALANCE / NET POSITION | | | |
| Beginning of the year, restated | 467,511 | | 467,511 |
| End of the year | \$ 686,590 | | \$ 686,590 |

The accompanying notes are an integral part of this statement. See accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

INTRODUCTION

The DeSoto Parish Tourist Bureau was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 33:4574 on June 13, 1984 with the purpose of the promotion of tourism within DeSoto Parish. The Tourist Bureau is governed by a seven-member commission appointed by the Police Jury. Appointments are made from a list of nominees submitted to the Police Jury by the DeSoto Parish Chamber of Commerce. The directors are appointed for terms of three years. The commission shall do all things necessary for the promotion and the advertisement and publication of information relating to tourist attractions within DeSoto Parish. The Tourist Bureau has one part-time administrative paid employee and one full-time director.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Tourist Bureau have been prepared in conformity with governmental accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The more significant accounting policies established in GAAP and used by the DeSoto Parish Tourist Bureau are discussed below.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Tourist Bureau was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the Tourist Bureau because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the Tourist Bureau and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

The DeSoto Parish Tourist Bureau's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Tourist Bureau's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Tourist Bureau are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is considered major if it is the primary operating fund of the entity. The only fund of the Tourist Bureau is considered a major fund and is classified as a governmental fund as described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Tourist Bureau and is used to account for the operations of the Tourist Bureau. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Tourist Bureau's policy.

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, transfers of assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING (continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Occupancy taxes are recorded in the year in which the taxes are collected. Intergovernmental revenues and grants are recognized when received. Interest income on deposits is recorded monthly when the interest is earned and credited to the account.

Expenditures. Salaries are recorded when employee services are paid. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related liability is incurred.

D. ASSETS, LIABILITIES AND EQUITY

Cash and interest-bearing deposits

Cash includes amounts in demand accounts, interest-bearing demand deposits, and certificates of deposits with a 90-day or less maturity term at time of purchase. Under state law, the Tourist Bureau may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Tourist Bureau may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Prepaid Expenses

Payments made to vendors for services that will benefit future accounting periods beyond December 31, 2019, are recorded as prepaid expenses.

Accounts Receivable

Major receivables for the governmental activities include occupancy taxes. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Tourist Bureau maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The Bureau's assets are currently limited to furniture and fixtures with useful lives of 5-7 years.

Equity Classifications

Net Position

The Tourist Bureau classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Tourist Bureau's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Tourist Bureau.

Fund Balances

In accordance with GASB Statement No. 54, the Tourist Bureau classifies fund balances in governmental funds as follows:

- Nonspendable- Resources that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- Restricted- Resources constrained to specific purposes by their providers (such as grantors or higher levels of government).
- Committed- Resources constrained by the Tourist Bureau itself. To be reported as committed, amounts cannot be used for any other purpose unless the Tourist Bureau takes the action to remove or change the constraint.
- Assigned- Resources the Tourist Bureau intends to use for a specific purpose.
- Unassigned- Resources that are available for any purpose.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY (continued)

The Tourist Bureau establishes (and modifies and rescinds) fund balance commitments and assignments through adoption and amendment of the budget. The Tourist Bureau would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

The General Fund, the Tourist Bureau's only governmental fund, has an unassigned fund balance of \$686,590.

E. 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.

2. CASH AND INTEREST-BEARING DEPOSITS

At December 31, 2019, the Tourist Bureau had cash and cash equivalents totaling \$678,226 (book balance).

The cash of the DeSoto Parish Tourist Bureau is subject to the following risks:

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Tourist Bureau that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Tourist Bureau's name.

At December 31, 2019, the Tourist Bureau had \$682,306 in deposits (collected bank balances). These deposits were secured from risk by \$436,001 of federal deposit insurance and \$246,305 in pledged securities.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of the certificate of deposit. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Tourist Bureau does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Tourist Bureau's deposits are in interest bearing and non-interest bearing checking and savings accounts and short-term certificates of deposit which limits exposure to fair value losses.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivables at December 31, 2019:

Occupancy taxes receivable \$ 17,377

4. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2019 are as follows:

| <u>Governmental Activities</u> | <u>Balance December 31, 2018</u> | <u>Additions</u> | <u>Deletions / Reclassification</u> | <u>Balance December 31, 2019</u> |
|--------------------------------|--------------------------------------|------------------|-----------------------------------------|--------------------------------------|
| Furniture & Fixtures | \$ 7,571 | \$ - | \$ - | \$ 7,571 |
| Total | <u>7,571</u> | <u>-</u> | <u>-</u> | <u>7,571</u> |
| Less accumulated depreciation | | | | |
| Furniture & Fixtures | \$ 7,571 | - | - | \$ 7,571 |
| Total | <u>7,571</u> | <u>-</u> | <u>-</u> | <u>7,571</u> |
| Capital assets, net | \$ - | \$ - | \$ - | \$ - |

5. LEVIED TAXES

Pursuant to RS 33:4574(B) the Tourist Bureau is authorized to levy and collect a three percent tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the boundaries of the Tourist Bureau. Collections are made through the DeSoto Parish Sales tax commission and remitted to the Tourist Bureau monthly through the DeSoto Parish Police Jury. The Tourist Bureau recognizes occupancy tax revenues when collected. Total of occupancy tax revenues recognized in 2019 by the Tourist Bureau was \$144,016.

6. RISK MANAGEMENT

The Tourist Bureau is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets and errors and omissions. To reduce these risks, the Tourist Bureau purchases commercial insurance. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2019.

7. LITIGATION

There is no litigation pending against the Tourist Bureau, at December 31, 2019, nor is it aware of any unasserted claims.

8. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. There were no related party transactions.

10. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the Tourist Bureau receive no compensation for their services.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

11. RETIREMENT COMMITMENTS

The Tourist Bureau has two employees who are members of the Federal Social Security System. The Tourist Bureau and its employees contribute a percentage of the employees' salary to the System. The Tourist Bureau's contribution was \$2,622 for the year ended December 31, 2019.

12. RESTATEMENT OF BEGINNING BALANCES

Both the beginning fund balance reported in the statement of governmental fund revenues, expenditures and changes in fund balance and the beginning net position reported in the statement of activities have been restated to reflect a prior period adjustment to properly report the Tourist Bureau's investment in a certificate of deposit. A reconciliation of the prior period ending balances to the current year beginning balances is as follows:

| | |
|-------------------------------------|-------------------|
| Beginning fund balance | \$ 451,378 |
| Adjustment to post CD | <u>16,133</u> |
| Beginning fund balance, as restated | \$ <u>467,511</u> |
| | |
| Beginning net position | \$ 451,378 |
| Adjustment to post CD | <u>16,133</u> |
| Beginning net position, as restated | \$ <u>467,511</u> |

13. SUBSEQUENT EVENTS

Management has performed an evaluation of the Tourist Bureau's activities through August 28, 2020, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

In the spring of 2020, there was a global outbreak of a novel coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting business activities across the United States. The timing and extent of the impact of COVID-19 on the Tourist Bureau's current operations and future operations is unknown at the date of this report.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the year ended December 31, 2019

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|------------------------------------------------|-------------------------|--------------------|--------------------|---------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Occupancy taxes | \$ 140,000 | \$ 140,000 | \$ 144,016 | \$ 4,016 |
| Operating grants and contributions | 125,000 | 643,774 | 643,779 | 5 |
| Interest income | 400 | 400 | 1,076 | 676 |
| Total revenues | <u>265,400</u> | <u>784,174</u> | <u>788,871</u> | <u>4,697</u> |
| Expenditures | | | | |
| Tourism: | | | | |
| Personnel & related benefits | 65,300 | 67,965 | 60,064 | 7,901 |
| Advertising and marketing | 150,000 | 325,579 | 158,502 | 167,077 |
| Operating expenses | 50,100 | 101,630 | 62,726 | 38,904 |
| Sub-recipient grants | - | 289,000 | 288,500 | 500 |
| Total expenditures | <u>265,400</u> | <u>784,174</u> | <u>569,792</u> | <u>214,382</u> |
| Net Change in Fund Balance | - | - | 219,079 | |
| Fund balances, beginning of year, restated | <u>467,511</u> | <u>467,511</u> | <u>467,511</u> | - |
| Fund balances, end of year | <u>\$ 467,511</u> | <u>\$ 467,511</u> | <u>\$ 686,590</u> | <u>\$ -</u> |

See independent auditor's report and accompanying notes to required supplementary information.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
NOTE TO BUDGETARY COMPARISON SCHEDULE
December 31, 2019

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The budget is adopted annually on the modified accrual basis of accounting. The budget comparison schedule presents the original adopted budget and the final amended budget.

The Tourist Bureau is required by state law to adopt an annual budget. A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Tourist Bureau. The budget was not approved until January 8, 2019.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was amended twice for the year ending December 31, 2019. The first amendment was approved August 13, 2019, and the second amendment on November 12, 2019. For the year ended December 31, 2019, actual revenues were more than budgeted amounts. Actual expenditures were less than appropriations.

Due to the lateness of the approval of the original budget, the Tourist Bureau is not in compliance with the Local Government Budget Act R.S. 39:1301-1316 and the budget requirements of R.S. 39-1331-1342.

OTHER SUPPLEMENTAL INFORMATION

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2019

Julie Rogers, Executive Director

| Purpose | Amount |
|----------------------------------------------|---------------|
| Salary | \$ 34,333 |
| Benefits-insurance (medicare taxes) | 500 |
| Benefits- retirement (Social Security taxes) | 2,138 |
| Benefits - Health insurance | 7,012 |
| Car allowance | - |
| Cell phone allowance | 180 |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | 28 |
| Travel | 1,568 |
| Registration fees | - |
| Conference travel | - |
| Training | - |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| Total | \$ 45,759 |

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

DeSoto Parish Tourist Bureau
Mansfield, Louisiana

We have audited, 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, the financial statements of the governmental activities and the major fund of the DeSoto Parish Tourist Bureau, a component unit of the DeSoto Parish Policy Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Tourist Bureau's basic financial statements and have issued our report thereon dated August 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the DeSoto Parish Tourist Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeSoto Parish Tourist Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tourist Bureau's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness and is listed as 2019-01.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Tourist Bureau's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and are responses as items 2019-02, 2019-03.

DeSoto Parish Tourist Bureau's Responses to Findings

DeSoto Parish Tourist Bureau's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. DeSoto Parish Tourist Bureau's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

This report is intended for the information and use of the DeSoto Parish Tourist Bureau, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Louisiana Legislative Auditor under Louisiana Revised Statute 21:513.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
August 28, 2020

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
 Schedule of Findings and Responses
 For the Year ended December 31, 2019

Part I. Summary of Auditor's Results

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of the DeSoto Parish Tourist Bureau as of and for the year ended December 31, 2019, and have issued our report thereon dated August 28, 2020. 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 December 31, 2019, resulted in an unmodified opinion.

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:

| | | |
|---------------------------------------------|-----------------------------------------|----------------------------------------|
| Internal Control | | |
| Significant Deficiency | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Material Weaknesses | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Compliance | | |
| Compliance Material to Financial Statements | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

A management letter was not issued.

FEDERAL AWARDS

Not applicable

Part II. Findings relating to the Financial Statements which are required to be Reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

2019-01. Inadequate design of internal control over financial statement preparation.

Criteria: In the past, auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, Statements on Auditing Standards 112 expands management's responsibility to ensure the propriety and completeness of the financial statements and related footnotes.

Condition: Errors were found in the prior years' financial statements.

Cause: The DeSoto Parish Tourist Bureau's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

Effect: The DeSoto Parish Tourist Bureau's management and staff may not identify material misstatements in the financial statements.

Recommendation: The Tourist Bureau should either: 1) obtain the resources and/or knowledge necessary to internally prepare or review the auditor's preparation of the financial statements and related footnote disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
Schedule of Findings and Responses
For the Year ended December 31, 2019

FINDINGS RELATED TO COMPLIANCE

2019-02. Ethics education requirement violation

Criteria: Louisiana Revised Statutes LSA-R.S. 42:1170(A)(3)(a)(i) requires each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his or her public employment.

Condition: One employee of the Tourist Bureau did not complete the required training on the Code of Governmental Ethics.

Cause: Management was not fully aware of all the requirements of the statute.

Effect: Penalties could be assessed by the Board of Ethics.

Recommendation: Management should ensure that all employees and board members complete the required Ethics training annually.

2019-03. Noncompliance the Local Government Budget Act

Criteria: The Louisiana Local Government Budget Act R.S. 39:1301-14 states a governing authority must complete a budget and make it available for public inspection no later than 15 days prior to the beginning of the fiscal year. The budget must then be approved in an open meeting before the beginning of the fiscal year.

Condition: The Tourist Bureau did not approve the 2019 budget until January 8, 2019.

Cause: Management did not reschedule a December 2018 board meeting that was cancelled so that the board could timely approve the 2019 budget.

Effect: If a budget is not completed and approved as noted above, the local government is not in compliance with the Local Government Budget Act.

Recommendation: The board of commissioners should ensure that the Louisiana Local Government Budget Act requirements are followed and budgets are timely completed and adopted.

DESOTO PARISH TOURIST BUREAU
Mansfield, Louisiana
Schedule of Prior Year Findings
For the Year ended December 31, 2019

Note: Financial statements prior to 2019 were subject to review/attestations.

- 1) 2018 attestation procedure No. 7, budget violation. Unresolved see finding 2019-03.
- 2) 2018 attestation procedure No. 9(c), proper approval of a disbursement. Unresolved, see statewide agreed upon procedure 10(b).
- 3) 2018 attestation procedure No. 15, use of cooperative endeavor agreements. Resolved in 2019.



DeSoto Parish Tourist Bureau
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Management Response to Independent Auditor Report Findings

To the Louisiana Legislative Auditor:

2019-01 – Based on the cost versus the benefit of obtaining the necessary resources and/or training, management has determined it is not cost effective and in the best interest of the Tourist Bureau to continue to outsource this task to the independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

2019-02 – There was confusion regarding whether or not the referenced employee was required to complete ethics training. The board agrees with the recommendation and will ensure all employees, both full-time and part-time, complete the annual requirement of one hour of ethics education and training as required.

2019-03 – The board agrees with the recommendation and will ensure that the Louisiana Local Government Budget Act requirements will be followed moving forward.

Julie A. Rogers
Heather Jensen

OTHER REPORT



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana 71052

Independent Accountant's Report On Applying Agreed-Upon Procedures

To Board of Commissioners of the
DeSoto Parish Tourist Bureau and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Tourist Bureau (the Tourist Bureau) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Tourist Bureau's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions were noted as a result of this procedure.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
No exceptions were noted as a result of this procedure.
 - c) **Disbursements**, including processing, reviewing, and approving.
No exceptions were noted as a result of this procedure.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
No exceptions were noted as a result of this procedure.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
No exceptions were noted as a result of this procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
No exceptions were noted as a result of this procedure.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions were noted as a result of this procedure.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions were noted as a result of this procedure.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
No exceptions were noted as a result of this procedure.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
No exceptions were noted as a result of this procedure.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
No exceptions were noted as a result of this procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation and bylaws in effect during the fiscal period.
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exceptions were noted as a result of this procedure.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
No exceptions were noted as a result of this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Section not applicable to entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 1 additional account was selected for review.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were noted as a result of this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No evidence of management or board member approval of bank reconciliations was observed.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted as a result of this procedure.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations and management's representation that the listing is complete was obtained. The only collection location of the entity was selected.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

The entity does not make any cash collections. The only collections received are checks by mail. No cash drawers or registers are required.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions were noted as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions were noted as a result of this procedure.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions were noted as a result of this procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Only one bank account under procedure #3 had applicable deposits to test under this section. Two random deposits were selected for testing.

- a) Observe that receipts are sequentially pre-numbered.

Section not applicable to entity.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions were noted as a result of this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The entity does not utilize a purchase order system due to personnel limitations and the limited amount of applicable purchases made. The board approves all payments and approves all significant purchases made.
 - b) At least two employees are involved in processing and approving payments to vendors.

All disbursements are made by check and checks required two signatures. Additionally, multiple board members initial approval for each disbursement.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were noted as a result of this procedure.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions were noted as a result of this procedure.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions were noted as a result of this procedure.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Two disbursements reviewed did not include evidence of approval for payment. These disbursements were in the first month of the fiscal period which was a transitional management period. Both disbursement checks were signed by two board members.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

A random monthly statement for the only card of the entity selected for review.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions were noted as a result of this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

A listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete were obtained.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted as a result of this procedure.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted as a result of this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

One reimbursement reviewed was missing appropriate documentation.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted as a result of this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete were obtained.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No applicable contracts were observed.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions were noted as a result of this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions were noted as a result of this procedure.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted as a result of this procedure.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. The only two employees of the entity selected for review.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions were noted as a result of this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions were noted as a result of this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were noted as a result of this procedure.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No terminations reported by entity.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions were noted as a result of this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

One employee did not complete the required ethics training.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The employees did not sign to verify having read the entities ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Section not applicable to entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Section not applicable to entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations reported by entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted as a result of this procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
August 28, 2020



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Management response to statewide agreed upon procedures exceptions

To the Louisiana Legislative Auditor:

03(b) – Management will ensure that bank statement reconciliations include documentation of management review, which will include a signature or initials with a date of review.

10(b) & 14(c) – The exceptions noted under Section 10(b) and Section 14(c) both involved transactions that occurred during a transitional management period. This period preceded the outsourcing of accounting services to another regional tourist bureau and the adoption of new policies and procedures. Management will follow the newly adopted policies and procedures regarding disbursements and travel and expense reimbursements moving forward to ensure these exceptions do not occur in the future.

20(a) – Addressed in the management response to Independent Auditor's Report.

20(b) – Management will ensure that all employees document annually through signature that they have read the Tourist Bureau's ethics policy during the fiscal period.

Julie A. Rogers
Heather Garner