

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**(Audited Financial Statements and Other Information)**

**RUSTON, LOUISIANA**

**DECEMBER 31, 2017**

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

RUSTON, LOUISIANA

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RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

RUSTON, LOUISIANA

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**REQUIRED SUPPLEMENTAL INFORMATION (PART A)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Ruston-Lincoln Convention and Visitors Bureau provides an overview of the Bureau's financial activities for the fiscal years ended December 31, 2017 and 2016. Please read it in conjunction with the Bureau's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the **Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments***.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Bureau as a whole. Fund financial statements start on Page 5. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Bureau's operations in more detail than the government-wide statements by providing information about the Bureau's most significant funds. The accompanying financial statements present information only on the funds maintained by the Bureau.

### Reporting the Funds Maintained by the Bureau as a Whole

#### The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the Bureau as a whole begins on Page 3. The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Bureau as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting.

These two statements report the Bureau's *net position* and changes in them. The Bureau's net position - the difference between assets and liabilities - is one way to measure the Bureau's financial health, or *financial position*. Over time, *increases or decreases* in the Bureau's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the activities in the funds maintained by the Bureau as governmental and proprietary fund activities.

**Governmental activities** - expenses related to, and resources provided for, the solicitation and servicing of conventions and visitor activities.

**Proprietary Fund** - is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### Reporting the Most Significant Funds Maintained by the Bureau

Our analysis of the major funds maintained by the Bureau begins on Page 5. The fund financial statements provide detailed information about the most significant funds maintained by the Bureau - not necessarily

the Bureau as a whole. The Bureau's funds use the following accounting approaches.

Governmental fund - All of the Bureau's expenses are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual basis*. The governmental fund statements provide a detailed *short-term view* of the Bureau's operations and the expenses paid from the fund. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Bureau expenses.

#### THE FUNDS MAINTAINED BY THE BUREAU AS A WHOLE

The Bureau's total net position changed from a year ago, increasing to \$1,864,008 from \$1,732,159. This increase amounted to \$131,849, or 7.61% for the year ended December 31, 2017.

**Table 1**  
**Net Assets**

	<u>Government-Wide Activities</u>	
	<u>2017</u>	<u>2016</u>
Current assets	826,030	762,942
Other assets	8,397	11,780
Capital assets, net	<u>1,645,500</u>	<u>1,687,463</u>
Total assets	2,479,927	2,462,185
Current liabilities	10,919	15,026
Long-term liabilities	<u>605,000</u>	<u>715,000</u>
Total liabilities	615,919	730,026
Net assets:		
Unrestricted/undesignated	823,508	759,696
Net investment in capital assets, net of related debt	<u>1,040,500</u>	<u>972,463</u>
Total net assets	<u>1,864,008</u>	<u>1,732,159</u>

**Table 2**  
**Changes in Net Position**

	<u>Government-Wide Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues		
Government	582,001	545,235
Business-type	110,000	110,000
Interest	6,517	852
Charges for services	<u>132,038</u>	<u>175,710</u>
Total revenues	830,556	831,797
Expenses		
Government	698,707	670,481
Business-type	<u>-</u>	<u>-</u>
	<u>698,707</u>	<u>670,481</u>
Increase in net position	<u>131,849</u>	<u>161,316</u>

## CAPITAL ASSETS

At the end of 2017, the Bureau had invested \$2,225,234 in capital assets from those funds maintained by the Bureau.

**Table 3**  
**Capital Assets at Year End**

	<u>Government-Wide Activities</u>	
	<u>2017</u>	<u>2016</u>
Building	1,636,569	1,636,569
Construction in progress	-	-
Land	414,576	414,576
Furniture and equipment	<u>174,089</u>	<u>174,089</u>
	2,225,234	2,225,234
<u>Less-accumulated depreciation</u>	<u>(579,734)</u>	<u>(537,771)</u>
	<u>1,645,500</u>	<u>1,687,463</u>

## FUTURE OPERATIONS

The Bureau derives the majority of its revenue from two main sources. At the local level, the Bureau receives revenue through the Lincoln Parish Police Jury on the Lodging Tax assessed and collected on hotel/motel revenue. On the state level, the Bureau receives revenue from the State of Louisiana as an allocation of the state sales tax allocated to Lincoln Parish. The Bureau does not expect any major fluctuations in these revenues in the succeeding year. In prior years, the Bureau began the acquisition of financing and planning the construction of a new Convention and Visitor's Center. The commencement of construction and placement in service of the Convention and Visitor's Center was completed in the spring of 2008. The completion of the new facility substantially increased the capital assets of the Bureau, while providing a new and spacious facility for the Bureau to operate on a daily basis, as well as providing a venue for convention and visitors to the area. There were no material capital asset acquisitions in 2017 and 2016.

## CONTACTING THE BUREAU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the finances for those funds maintained by the Bureau and to show the Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ruston-Lincoln Convention and Visitors Bureau, 2111 North Trenton Street, Ruston, Louisiana 71270.

**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 29, 2018

To the Board of Directors  
Ruston-Lincoln Convention and Visitors Bureau  
Ruston, Louisiana

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, business-type activities and the major funds of the Ruston-Lincoln Convention and Visitor's Bureau ("the Bureau) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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 opinion.

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## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and the major fund of the Ruston-Lincoln Convention and Visitor's Bureau as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable thereof 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 on Pages i through iii and budgetary comparison information on Pages 20 – 22 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bureau's basic financial statements. The information required in accordance with Louisiana Revised Statute 24:513(A)(3) on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements or 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, this information is fairly stated, in all material respects, in relation to the basic 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 June 29, 2018 on our consideration of the Bureau's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bureau's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets:</u></b>			
Cash and cash equivalents	379,979	-	379,979
Certificates of deposit	406,325	-	406,325
Accounts receivable	31,580	-	31,580
Prepaid expenses	8,146	-	8,146
Bond issue costs-net	8,397	-	8,397
Fixed assets, net of accumulated depreciation	<u>1,645,500</u>	<u>-</u>	<u>1,645,500</u>
Total assets	<u>2,479,927</u>	<u>-</u>	<u>2,479,927</u>
<b><u>Liabilities and net position:</u></b>			
Liabilities:			
Accounts payable	6,436	-	6,436
Accrued payroll liabilities	4,483	-	4,483
Bonds payable	<u>605,000</u>	<u>-</u>	<u>605,000</u>
Total liabilities	615,919	-	615,919
<b><u>Net position:</u></b>			
Unrestricted/undesignated	823,508	-	823,508
Net investment in capital assets, net of related debt	<u>1,040,500</u>	<u>-</u>	<u>1,040,500</u>
Total net position	<u>1,864,008</u>	<u>-</u>	<u>1,864,008</u>
Total liabilities and net position	<u>2,479,927</u>	<u>-</u>	<u>2,479,927</u>

The accompanying notes are an integral part of the financial statements.

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Revenues</u>		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b><u>Function/Program Activities</u></b>			
<b><u>Governmental Activities:</u></b>			
Operating expenditures	(698,707)	132,038	-
<b><u>Business-Type Activities:</u></b>			
Enterprise Fund	<u>-</u>	<u>110,000</u>	<u>-</u>
	<u>(698,707)</u>	<u>242,038</u>	<u>-</u>
General Revenues:			
Lodging Tax Collections			
Interest Earned			
Transfers			
Total General Revenues			
Changes in Net Position			
Net Position-Beginning of year			
Net Position-End of year			

The accompanying notes are an integral part of the financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
(566,669)	-	(566,669)
<u>-</u>	<u>110,000</u>	<u>110,000</u>
(566,669)	110,000	(456,669)
582,001	-	582,001
-	6,517	6,517
<u>116,517</u>	<u>(116,517)</u>	<u>-</u>
<u>698,518</u>	<u>(110,000)</u>	<u>588,518</u>
131,849	-	131,849
<u>1,732,159</u>	<u>-</u>	<u>1,732,159</u>
<u>1,864,008</u>	<u>-</u>	<u>1,864,008</u>

**FUND FINANCIAL STATEMENTS**

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BALANCE SHEET-GOVERNMENTAL FUNDS

DECEMBER 31, 2017

<u>A S S E T S</u>	<u>General Fund</u>
Cash and cash equivalents	379,979
Certificates of deposit	406,325
Accounts receivable	31,580
Prepaid expenses	8,146
Bond issue costs-net	<u>8,397</u>
Total assets	<u>834,427</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>Liabilities:</u>	
Accounts payable	6,436
Accrued payroll liabilities	<u>4,483</u>
Total liabilities	10,919
 <u>Fund balance:</u>	
Non-spendable	16,543
Spendable:	
Unassigned	<u>806,965</u>
Total fund balance	<u>823,508</u>
Total liabilities and fund balance	<u>834,427</u>

The accompanying notes are an integral part of the financial statements.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

<b><u>Total Governmental Fund Balances</u></b>	823,508
 <i>Amounts reported for governmental activities in the statement of net positions are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,645,500
Obligations in governmental activities that do not require current financial resources are not reported in the funds	<u>(605,000)</u>
<b><u>Net Position of Governmental Activities</u></b>	<b><u>1,864,008</u></b>

The accompanying notes are an integral part of the financial statements.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>
<b><u>Revenues:</u></b>	
Lodging tax collections	582,001
Other revenues	<u>132,038</u>
Total revenues	714,039
<b><u>Expenditures:</u></b>	
Accounting/audit	8,483
Advertising	142,043
Auto expense	9,748
Bond principal and interest	128,218
Collection administration	1,958
Dues and subscriptions	5,273
Grants	189,414
Hospitality and tourism awareness	2,208
Miscellaneous expenses	6,025
Office supplies and expense	3,808
Operating expenses	37,109
Payroll expense	177,186
Postage	648
Promotional fees	5,265
Research	4,805
Retirement match	10,086
Staff training	3,390
Telephone and connectivity	12,158
Travel-air	2,943
Travel-lodging	4,122
Travel-meals and entertainment	877
Utilities	<u>10,977</u>
Total expenditures	<u>766,744</u>
<b><u>Excess (deficiency) of revenues over expenditures</u></b>	<b>(52,705)</b>

The accompanying notes are an integral part of the financial statements.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>
<b><u>Other financing sources (uses):</u></b>	
Operating transfers-interest	6,517
Debt service transfers-principal	<u>110,000</u>
<b><u>Excess of revenues and other sources over expenditures and other uses</u></b>	63,812
<b><u>Fund balances, beginning of year</u></b>	<u>759,696</u>
<b><u>Fund balances-end of year</u></b>	<u>823,508</u>

The accompanying notes are an integral part of the financial statements.

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

RECONCILIATION OF NET CHANGE IN FUND BALANCES-GOVERNMENTAL

FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

<b><u>Net Change in Fund Balances - Total Governmental Funds</u></b>	63,812
 <i>Amounts reported for governmental activities in the statements of activities are different because:</i>	
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchases capitalized	-
Depreciation expense	(41,963)
 Governmental funds report the expenditures to service the debt over the life of the bond issue:	
Debt service principal	<u>110,000</u>
 <b><u>Change in Net Position in Governmental Activities</u></b>	 <u>131,849</u>

The accompanying notes are an integral part of the financial statements.

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BALANCE SHEET-PROPRIETARY FUND

DECEMBER 31, 2017

	<u>Business-Type Activities Enterprise Fund</u>
<b><u>Assets:</u></b>	
Cash and cash equivalents	-
Certificates of deposit	<u>-</u>
Total assets	<u><u>-</u></u>
<b><u>Liabilities and fund balance:</u></b>	
Liabilities	-
<b><u>Net assets:</u></b>	
Accumulated earnings	<u>-</u>
Total liabilities and net assets	<u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS-**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Business-Type Activities Enterprise Fund</u>
<b><u>Revenues:</u></b>	
Operating transfers in	110,000
<b><u>Expenditures:</u></b>	
Special appropriations	<u>(110,000)</u>
<b><u>Operating income</u></b>	-
<b><u>Non-operating revenues:</u></b>	
Interest income	6,517
<b><u>Other financing resources (uses):</u></b>	
Operating transfers out	<u>(6,517)</u>
<b><u>Change in net assets</u></b>	-
<b><u>Net assets, beginning of year</u></b>	<u>-</u>
<b><u>Net assets, ending of year</u></b>	<u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

STATEMENT OF CASH FLOWS-

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Business-Type Activities Enterprise Fund</u>
<b><u>Increase in cash and cash equivalents:</u></b>	
<b><u>Cash flows from operations:</u></b>	
Transfer from General Fund	110,000
Payments to provide services	<u>(110,000)</u>
Net cash provided by operating activities	-
<b><u>Cash flows from investing activities:</u></b>	
Interest income	<u>6,517</u>
Net cash provided by investing activities	6,517
<b><u>Cash flows from noncapital financing activities:</u></b>	
Transfer to General Fund	<u>(6,517)</u>
Net cash (used) by noncapital financing activities	<u>(6,517)</u>
<b><u>Net increase (decrease) in cash and cash equivalents</u></b>	-
<b><u>Cash and cash equivalents, beginning of year</u></b>	<u>-</u>
<b><u>Cash and cash equivalents, end of year</u></b>	<u><u>-</u></u>
<b><u>Reconciliation of operating income to net cash provided by operating activities:</u></b>	
Operating income	<u>-</u>
Net cash provided by operating activities	<u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies**

The Ruston-Lincoln Convention and Visitors Bureau (the Bureau) was created by the Lincoln Parish Police Jury for the purpose of representing the business and civic community on an organized and nonprofit basis for the solicitation and servicing of conventions and for the promotion of visitor activity within Lincoln Parish.

The Bureau complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

**Basis of Presentation**

In June 1999, the GASB unanimously approved **Statement No. 34**, “*Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*”. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Bureau’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements. The Bureau has also adopted GASB **Statement No. 54**, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB **Statement No. 63**, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*”

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-Wide Financial Statements* – (GWFS) The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

*Governmental Fund Financial Statements* – (GFFS) The 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. The Bureau considers revenues to be available if they are collected within 60 days of the end of the fiscal year end.

Principal revenue sources considered susceptible to accrual include hotel and motel taxes levied by the Lincoln Parish Police Jury and state sales tax allocated to Lincoln Parish by the State of Louisiana. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Bureau’s present appropriation system. These revenues have been accrued in accordance with accounting principles

## 1. Summary of Significant Accounting Policies (Continued)

generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period.

Other revenues are considered to be measurable and available only when cash is received by the Bureau. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. A fund is considered major if it is the primary operating fund of the Bureau or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

*Proprietary Fund Financial Statements* – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above.

Each proprietary fund has the option under **Governmental Accounting Standards Board (GASB), Statement 20**, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*”, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Bureau’s enterprise fund has elected not to apply FASB issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Fund Accounting**

The financial activities of the Bureau are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Bureau uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The content and certain titles of the GWFS were changed upon the adoption by the Bureau of **GASB Statement No. 63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Bureau had no deferred outflows or inflows of resources at December 31, 2017.

### **Fund Equity in Fund Financial Statements**

Governmental fund equity is classified as fund balance. The Bureau implemented **GASB Statement 54**, “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

## 1. Summary of Significant Accounting Policies (Continued)

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures and net bond issue costs as being non-spendable as these items are not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources that are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Bureau's board of directors, which is the Bureau's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Bureau did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds, other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Bureau's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the administrator, that has the authority to assign amounts to be used for specific purposes. The Bureau did not have any assigned resources as of year-end.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Bureau would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

### Governmental Funds

*General Fund* – This fund accounts for all activities of the Bureau not specifically required to be accounted for in other funds.

## 1. Summary of Significant Accounting Policies (Continued)

### Proprietary Funds

*Enterprise Fund* – The Enterprise Fund is used mainly for the transfer of funds and expenditure of funds for payment of the debt service. It is also used for tourism purposes, including the promotion of fairs and festivals in Lincoln parish, and for economic development in Lincoln Parish as provided by Act 983 of the 1992 Regular Legislative Session.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Budgeting Procedures

Budgets for the Ruston-Lincoln Convention and Visitors Bureau are prepared by the President and his staff as part of the Bureau's annual planning and budgeting process. The budget is then adopted by the Board of Commissioners. The planning and budgeting process activities encompass a time frame of twelve (12) months to coincide with each fiscal year.

Unexpended budget balances lapse at year end. The Bureau's Board of Commissioners has the authority to make changes or amendments within various budget classifications. Budgeted amounts are presented in the financial statements as originally adopted and as amended by the Board. The Board of Commissioners is nominated, elected, and approved by the existing Board members, and members terms vary in duration depending upon the Bureau's needs and Board of Commissioners willingness to serve.

### Cash and Cash Equivalents

Cash includes demand deposits, money market accounts and certificates of deposit with maturity dates of three months or less from the end of the year. Under state law, the Bureau may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Bureau may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

### Valuation of Carrying Amounts of Deposits

Cash is reported at net book value – the year end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the banks as of that date.

### Fund Equity in Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net position at December 31, 2017.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net invested in capital assets, net of related debt.”

1. **Summary of Significant Accounting Policies** (Continued)

**Capital Assets**

The Bureau has adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Bureau maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The purchase or acquisition of capital assets is recorded in the Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Fund Balance. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	7 - 10 years
Computer and office equipment	5 - 7 years

2. **Cash**

At year end, the carrying amount (book amount) of the Bureau's cash and cash equivalents was \$311,976. Such deposits are held in financial institutions insured by the FDIC, and management reviews the safety and soundness of such institutions in its efforts to mitigate credit risk.

3. **Property and Equipment**

Capital asset activity for the year ended December 31, 2017 is as follows:

	<u>Balance</u> <u>12-31-16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12-31-17</u>
Building	1,636,569	-	-	-	1,636,569
Land	414,576	-	-	-	414,576
Furniture and equipment	174,089	-	-	-	174,089
Construction in progress	-	-	-	-	-
	<u>2,225,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,225,234</u>
<u>Less-accumulated depreciation</u>	<u>(537,771)</u>	<u>41,963</u>	<u>-</u>	<u>-</u>	<u>(579,734)</u>
Net fixed assets	<u>1,687,463</u>	<u>41,963</u>	<u>-</u>	<u>-</u>	<u>1,645,500</u>

Depreciation expense for the year ended December 31, 2017 was \$41,963.

4. **Investments**

Other than certificates of deposits in the amount of \$406,325, the Bureau had no other investment securities at December 31, 2017.

5. **Accounts Receivable**

The accounts receivable at December 31, 2017 is as follows:

Trade accounts receivable	-
Lodging tax collections	31,580
Accrued interest	<u>-</u>
Total	<u>31,580</u>

Based on prior experience, the uncollectible receivables are considered immaterial, thus no provision has been made for such loss in these financial statements.

6. **Litigation and Claims**

The Lincoln Parish Convention and Visitors Bureau had no pending or threatened litigation as of December 31, 2017.

7. **Bond Payable**

As of June 28, 2007, the Board of Directors of the Ruston-Lincoln Convention and Visitors Bureau issued *Revenue Bonds, Series 2007* for the purposes of providing funds to pay for the construction of a Visitors Center and Office Complex. The Complex is occupied by the Ruston-Lincoln Convention and Visitors Bureau and the Ruston-Lincoln Chamber of Commerce staff. As of December 18, 2012, the Board of Directors voted to issue \$1,150,000 aggregate principal amount of *Revenue Refunding Bonds, Series 2012* for the purpose of refunding and extending the Revenue Bonds, Series 2007. The issuance was made pursuant to Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and also under other constitutional and statutory authority. The Series 2012 bonds will mature July 1, 2022, with interest due semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> and scheduled principal reduction due each July 1<sup>st</sup> until maturity. The will bear interest at a variable, increasing rate, with a beginning rate of 0.75% and not exceeding 3.25% at any maturity, and are also not callable for redemption prior to their stated maturity dates.

The following is a summary of bond payable at December 31, 2017:

Ruston-Lincoln Convention and Visitors Bureau, Revenue Bonds Series 2007, bearing interest at 4.10%, principal payments begin July 1, 2008 and final maturity July 1, 2017	2,000,000
<u>Less:</u> Original issue discount	-
Principal payments-prior periods	(900,000)
Principal payments-current year	-
Payoff of Series 2007 bonds-2012	<u>(1,100,000)</u>
Net Series 2007 bonds due	-
Ruston-Lincoln Convention and Visitors Bureau, Revenue Refunding Bonds, Series 2012, bearing interest at variable increasing rates not to exceed 3.25%, principal payments beginning July 1, 2015 and final maturity at July 1, 2022	1,150,000

7. **Bond Payable** (Continued)

<u>Less: Original issue discount</u>	-
Principal payments-prior periods	(435,000)
Principal payments-current year	<u>(110,000)</u>

Net Refunding Bonds, Series 2012 bonds due 605,000

The annual debt service requirements to for the next five (5) years and to maturity, including principal only, for bonds payable as of December 31, 2017 are as follows:

2018	115,000
2019	120,000
2020	120,000
2021	125,000
2022	<u>125,000</u>
	<u>605,000</u>

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)**

**BUDGETARY COMPARISON SCHEDULES**

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Variance With Final Budget</u>	
	<u>Original</u>	<u>Amended</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Lodging tax collections	579,143	579,143	582,001	2,858
Other revenues	207,880	207,880	132,038	(75,842)
Interest income	75	75	6,517	6,442
Total revenues	<u>787,098</u>	<u>787,098</u>	<u>720,556</u>	<u>(66,542)</u>
<u>Expenditures:</u>				
Accounting/audit	11,000	11,000	8,483	2,517
Advertising	144,568	144,568	142,043	2,525
Auto	11,000	11,000	9,748	1,252
Collection	2,500	2,500	1,958	542
Community support	3,500	3,500	-	3,500
Debt service	127,255	127,255	128,218	(963)
Dues and subscriptions	6,000	6,000	5,273	727
FAM tours	300	300	-	300
Grants	196,785	196,785	189,414	7,371
Hospitality and tourism	3,000	3,000	2,208	792
Miscellaneous	-	-	6,025	(6,025)
Office supplies	3,950	3,950	3,808	142
Operating expenses	40,000	40,000	37,109	2,891
Personnel	185,000	185,000	187,272	(2,272)
Postage	1,000	1,000	648	352
Promotional fees	5,200	5,200	5,265	(65)
Research	5,000	5,000	4,805	195
Staff training	4,040	4,040	3,390	650
Telephone and utilities	23,500	23,500	23,135	365
Travel-air	4,000	4,000	2,943	1,057
Travel-lodging	7,500	7,500	4,122	3,378
Travel-meals	2,000	2,000	877	1,123
Total expenditures	<u>787,098</u>	<u>787,098</u>	<u>766,744</u>	<u>20,354</u>

The accompanying notes are an integral part of this schedule.

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Variance With Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable)</u>
<u>Excess (deficiency) of revenues over expenditures</u>	-	-	(46,188)	(46,188)
<u>Other financing sources:</u>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
<u>Excess of revenues and other sources over expenditures</u>	-	-	63,812	63,812
<u>Fund balance at beginning of year</u>	<u>-</u>	<u>-</u>	<u>759,696</u>	<u>-</u>
<u>Fund balance at end of year</u>	<u>-</u>	<u>-</u>	<u>823,508</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Budgeting Procedures**

Budgets for the Ruston-Lincoln Convention and Visitors Bureau are prepared by the President and his staff as part of the Bureau's annual planning and budgeting process. The budget is open to a public hearing on the proposed budget, and then after all actions necessary to finalize and implement the budget, the budget is adopted by the Board of Directors. The planning and budgeting process activities encompass a time frame of twelve (12) months to coincide with each fiscal year, is adopted prior to the beginning of each new fiscal year, and was not amended during the current fiscal period.

Unexpended budget balances lapse at year end. The Bureau's Board of Directors has the authority to make changes or amendments within various budget classifications. Budgeted amounts are presented in the financial statements as originally adopted and as amended by the Board and amendments to the budget follow the same procedures and process as the original budget.

The Bureau follows these above procedures in establishing the budgetary data which is reflected in the accompanying financial statements.

**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

June 29, 2018

To the Board of Directors  
Ruston-Lincoln Convention and Visitors Bureau  
Ruston, Louisiana

**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**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and major fund information of the Ruston-Lincoln Convention and Visitors Bureau as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, and have issued our report thereon dated June 29, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ruston-Lincoln Convention and Visitors Bureau's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

**RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the financial statements of the Ruston-Lincoln Convention and Tourist Bureau as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018. 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, 2017 resulted in an unmodified opinion.

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Ruston-Lincoln Convention and Visitors Bureau.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. No instance of noncompliance material to the basic financial statements of Ruston-Lincoln Convention and Visitors Bureau was disclosed during the audit.
4. Ruston-Lincoln Convention and Visitors Bureau was not subject to a Federal Single Audit for the year ended December 31, 2017.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

No findings were reported for the **current** year.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

Not applicable

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2017

No findings were reported for the prior year.

**SUPPLEMENTARY INFORMATION**

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU  
SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH  
LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head: Mr. Travis Napper

Salary	60,648
Benefits-insurance-health	20,635
Benefits-life, accidental death and dismemberment,and dental	1,160
Automobile allowance	6,000
Mileage reimbursement	2,717
Travel, meals, and lodging	6,446
Registration fees, seminars, and meetings	2,420
401(k) retirement plan match	9,134

# HEARD, McELROY, & VESTAL

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318-429-1525 PHONE • 318-429-2070 FAX

June 29, 2018

Board of Directors  
Ruston-Lincoln Convention and Visitor's Bureau  
Ruston, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Ruston-Lincoln Convention and Visitor's Bureau (RLCVB) 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, 2017 through December 31, 2017. RLCVB'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*, issued by the Comptroller General of the United States. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.  
*The entity has adequate written procedures covering budgeting and the budgeting process.*
  - 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

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orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.

*Exception: The entity has a purchasing policy, but it does not completely describe the process of purchase initiation nor does it have a purchase order system. In addition, the purchasing policy does not address how vendors are added to the vendor list, and does not describe the controls in place to ensure compliance with bid laws or the documentation necessary to be maintained for bid and price quotes.*

*Management's Response: RLCVB will update its Policies and Procedures to include new systems and staff changes.*

- c) Disbursements, including processing, reviewing, and approving.

*The entity has adequate written procedures covering disbursements.*

- d) Receipts, including receiving, recording, and preparing deposits.

*The entity has adequate written procedures covering receipts, including receiving, recording, and preparing deposits.*

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The entity has adequate written procedures covering payroll and personnel.*

- 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.

*Exception: Although the entity has a written policy on contractual relations, it does not address the types of services that require written contracts, standard terms and conditions, the legal review process, the approval process, or the monitoring process.*

*Management's Response: RLCVB will update its Policies and Procedures to include new systems and staff changes.*

- 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, and (5) monitoring card usage.

*The entity has adequate policies and procedures dealing with credit cards, fuel cards, and purchase cards, including a description of the approval process for the purchase card.*

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity has adequate written procedures covering travel and expense reimbursements. Written policies and procedures address mileage reimbursements only, which typically is the only travel expense incurred by the entity outside of those paid by credit card.*

- 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. Note: Ethics requirements are not applicable to nonprofits.

*The entity does not have written policies or procedures concerning ethics.*

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The entity has adequate written procedures concerning debt service.*

#### Board (or Finance Committee, if applicable)

---

#### 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The entity's Board of Directors met monthly during the year with a quorum at the majority of the monthly meetings.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Each board meeting's minutes refer to budget-to-actual financial statement comparisons, as well as other financial reporting. No deficit spending took place during the fiscal year.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*At least one board meeting's minutes referenced non-budgetary financial information.*

#### Bank Reconciliations

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A list of bank accounts was obtained from management.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank reconciliations were prepared for each month in the fiscal year.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*The bank reconciliation evidenced review by an independent member of management.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*No reconciling items greater than 6 months old were noted.*

## Collections

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Cash/checks are collected at a single location.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Exception: Each person responsible for handling cash is not bonded/insured. However, each person responsible for collecting cash does not deposit the cash in the bank, record the cash transaction, reconcile the related bank account, or share the cash drawer with another employee.*

*Management's Response: It is not cost beneficial for RLCVB to bond every employee who handles cash. There are compensating controls on the deposit of checks and therefore the risk of not bonding employees is minimal.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The entity has a formal process to reconcile cash receipts to the amounts recorded on the general ledger by an individual not responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Cash receipts selected for this procedure were deposited within one business day of collection.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions were noted.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The entity has the process of requiring the bookkeeper to compare cash received or payments made through ACH to the applicable billing.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements made during the year was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*The entity does not use a requisition/purchase order system. At this time a purchase order system is cost prohibitive. RLCVB currently is using payment authorization by management as a control.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*The entity does not use a requisition/purchase order system. At this time a purchase order system is cost prohibitive. RLCVB currently is using payment authorization by management as a control.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*All payments for purchases were supported by an approved invoice and, when applicable, related shipping documents. As noted above, not all purchases are required to have a purchase order.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The Executive Director is responsible for processing disbursements, but does not vendors.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Exception: Individuals with signatory authority may initiate purchases, but purchases over a specified dollar amount must be approved by the Executive Director or the Board of Directors.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The supply of unused checks is kept in a locked cabinet under the custody of individuals with no check signing authority.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The entity does not use a signature stamp or signature machine.*

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 credit cards and related information was obtained, and management represented to us that the listing was complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*A statement was reviewed, and supporting documentation was reviewed and approved in writing by an individual independent of the cardholder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges or late fees were assessed.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*For applicable cards selected, all credit card transactions were supported by an original itemized receipt with documentation of the purpose of the transaction.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Each transaction is supported by documentation of the business/public purpose, and for meals, documentation is provided of the individuals participating.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Each transaction is supported by required documentation.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No transaction was required to meet bid or quote procedures.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted.*

## Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*A listing of all travel and related expense reimbursements, by person, during the fiscal year was obtained from the general ledger.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The entity uses the guidelines of the State of Louisiana to reimburse travel and meals. The rates included in the entity's policy and for reimbursement did not exceed those stated in the guidelines.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid

expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions were noted.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

*No exceptions were noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted.*

## Contracts

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts that were in effect during the year was obtained.*

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*A formal written contract supports the service arrangement and amount paid for the single vendor selected.*

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*No contracts selected were subject to the Louisiana Public Bid Law or Procurement Code; however, quotes, if applicable, would be solicited during the contract selection process.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Not applicable.*

Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*The invoice and related payment of the selected contract complied with its terms.*

- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable.*

## Payroll and Personnel

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete.

*A listing of all employees and their related compensation was obtained.*

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Pay rate or salary changes applicable to each selected employee were approved in writing and in accordance with written policy.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All applicable employees documented their daily attendance and leave.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Written documentation of approved attendance and leave records of all applicable employees is maintained.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The entity maintained written leave records on all applicable employees tested.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*The entity does not pay out PTO that has accrued. It is lost at termination of employment.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.*

#### Ethics (excluding nonprofits)

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Not applicable.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Not applicable.*

#### Debt Service (excluding nonprofits)

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable, no new bond financing during the current fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*The entity provided supporting documentation evidencing that the entity made scheduled debt service payments and maintained debt reserves, as required, without exception.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

Other

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represented that the entity had no misappropriations of public funds or assets during the fiscal year.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*We observed the notice posted on the entity's website and on its premises.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*Not applicable.*

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.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana