

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

(Audited Financial Statements and Other Information)

RUSTON, LOUISIANA

DECEMBER 31, 2018

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, 2018 and 2017. 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 \$2,007,275 from \$1,864,008. This increase amounted to \$143,267, or 7.69% for the year ended December 31, 2018.

Table 1
Net Assets

	<u>Government-Wide Activities</u>	
	<u>2018</u>	<u>2017</u>
Current assets	890,688	826,030
Other assets	6,718	8,397
Capital assets, net	<u>1,603,536</u>	<u>1,645,500</u>
Total assets	2,500,942	2,479,927
Current liabilities	3,667	10,919
Long-term liabilities	<u>490,000</u>	<u>605,000</u>
Total liabilities	493,667	615,919
Net assets:		
Unrestricted/undesignated	893,739	823,508
Net investment in capital assets, net of related debt	<u>1,113,536</u>	<u>1,040,500</u>
Total net assets	<u>2,007,275</u>	<u>1,864,008</u>

Table 2
Changes in Net Position

	<u>Government-Wide Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Government	553,725	582,001
Business-type	115,000	110,000
Interest	3,710	6,517
Charges for services	<u>166,988</u>	<u>132,038</u>
Total revenues	839,423	830,556
Expenses		
Government	696,156	698,707
Business-type	<u>-</u>	<u>-</u>
	696,156	698,707
Increase in net position	<u>143,267</u>	<u>131,849</u>

CAPITAL ASSETS

At the end of 2018, 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>2018</u>	<u>2017</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>(621,698)</u>	<u>(579,734)</u>
	<u>1,603,536</u>	<u>1,645,500</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 2018 and 2017.

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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SHREVEPORT, LOUISIANA 71101
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June 30, 2019

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, 2018, 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, 2018, 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 19 - 21 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 30, 2019 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, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Cash and cash equivalents	431,736	-	431,736
Certificates of deposit	411,549	-	411,549
Accounts receivable	40,407	-	40,407
Prepaid expenses	6,996	-	6,996
Bond issue costs-net	6,718	-	6,718
Fixed assets, net of accumulated depreciation	<u>1,603,536</u>	<u>-</u>	<u>1,603,536</u>
Total assets	<u>2,500,942</u>	<u>-</u>	<u>2,500,942</u>
<u>Liabilities and net position:</u>			
Liabilities:			
Accounts payable	-	-	-
Accrued payroll liabilities	3,667	-	3,667
Bonds payable	<u>490,000</u>	<u>-</u>	<u>490,000</u>
Total liabilities	493,667	-	493,667
<u>Net position:</u>			
Unrestricted/undesignated	893,739	-	893,739
Net investment in capital assets, net of related debt	<u>1,113,536</u>	<u>-</u>	<u>1,113,536</u>
Total net position	<u>2,007,275</u>	<u>-</u>	<u>2,007,275</u>
Total liabilities and net position	<u>2,500,942</u>	<u>-</u>	<u>2,500,942</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, 2018

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Function/Program Activities</u>				
<u>Governmental Activities:</u>				
Operating expenditures	(696,156)	166,988	-	-
<u>Business-Type Activities:</u>				
Enterprise Fund	<u>-</u>	<u>115,000</u>	<u>-</u>	<u>-</u>
	<u>(696,156)</u>	<u>281,988</u>	<u>-</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>
(529,168)	-	(529,168)
<u>-</u>	<u>115,000</u>	<u>115,000</u>
(529,168)	115,000	(414,168)
553,725	-	553,725
-	3,710	3,710
<u>118,710</u>	<u>(118,710)</u>	<u>-</u>
<u>672,435</u>	<u>(115,000)</u>	<u>557,435</u>
143,267	-	143,267
<u>1,864,008</u>	<u>-</u>	<u>1,864,008</u>
<u>2,007,275</u>	<u>-</u>	<u>2,007,275</u>

FUND FINANCIAL STATEMENTS

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BALANCE SHEET-GOVERNMENTAL FUNDS

DECEMBER 31, 2018

<u>A S S E T S</u>	<u>General Fund</u>
Cash and cash equivalents	431,736
Certificates of deposit	411,549
Accounts receivable	40,407
Prepaid expenses	6,996
Bond issue costs-net	<u>6,718</u>
Total assets	<u>897,406</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>Liabilities:</u>	
Accounts payable	
Accrued payroll liabilities	<u>3,667</u>
Total liabilities	3,667
 <u>Fund balance:</u>	
Non-spendable	13,714
Spendable:	
Unassigned	<u>880,025</u>
Total fund balance	<u>893,739</u>
Total liabilities and fund balance	<u>897,406</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, 2018

<u>Total Governmental Fund Balances</u>	893,739
 <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.	1,603,536
Obligations in governmental activities that do not require current financial resources are not reported in the funds	<u>(490,000)</u>
<u>Net Position of Governmental Activities</u>	<u>2,007,275</u>

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, 2018

	<u>General Fund</u>
<u>Revenues:</u>	
Lodging tax collections	553,725
Other revenues	<u>166,988</u>
Total revenues	720,713
<u>Expenditures:</u>	
Accounting/audit	8,605
Advertising	147,421
Auto expense	9,356
Bond principal and interest	131,293
Collection administration	1,400
Dues and subscriptions	6,842
Grants	185,800
Hospitality and tourism awareness	2,050
Miscellaneous expenses	6,687
Office supplies and expense	3,592
Operating expenses	34,890
Payroll expense	180,781
Postage	587
Promotional fees	2,078
Research	2,600
Retirement match	10,254
Staff training	3,270
Telephone and connectivity	11,977
Travel-air	3,132
Travel-lodging	5,172
Travel-meals and entertainment	753
Utilities	<u>10,652</u>
Total expenditures	<u>769,192</u>
<u>Excess (deficiency) of revenues over expenditures</u>	(48,479)

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, 2018

	<u>General Fund</u>
<u>Other financing sources (uses):</u>	
Operating transfers-interest	3,710
Debt service transfers-principal	<u>115,000</u>
<u>Excess of revenues and other sources over expenditures and other uses</u>	70,231
<u>Fund balances, beginning of year</u>	<u>823,508</u>
<u>Fund balances-end of year</u>	<u><u>893,739</u></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, 2018

<u>Net Change in Fund Balances - Total Governmental Funds</u>	70,231
 <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	(41,964)
 Governmental funds report the expenditures to service the debt over the life of the bond issue:	
Debt service principal	<u>115,000</u>
<u>Change in Net Position in Governmental Activities</u>	<u><u>143,267</u></u>

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

RUSTON-LINCOLN CONVENTION AND VISITORS BUREAU

BALANCE SHEET-PROPRIETARY FUND

DECEMBER 31, 2018

	<u>Business-Type Activities Enterprise Fund</u>
<u>Assets:</u>	
Cash and cash equivalents	-
Certificates of deposit	<u>-</u>
Total assets	<u><u>-</u></u>
<u>Liabilities and fund balance:</u>	
Liabilities	-
<u>Net assets:</u>	
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, 2018

	<u>Business-Type Activities Enterprise Fund</u>
<u>Revenues:</u>	
Operating transfers in	115,000
<u>Expenditures:</u>	
Special appropriations	<u>(115,000)</u>
<u>Operating income</u>	-
<u>Non-operating revenues:</u>	
Interest income	3,710
<u>Other financing resources (uses):</u>	
Operating transfers out	<u>(3,710)</u>
<u>Change in net assets</u>	-
<u>Net assets, beginning of year</u>	<u>-</u>
<u>Net assets, ending of year</u>	<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, 2018

	<u>Business-Type Activities Enterprise Fund</u>
<u>Increase in cash and cash equivalents:</u>	
<u>Cash flows from operations:</u>	
Transfer from General Fund	115,000
Payments to provide services	<u>(115,000)</u>
Net cash provided by operating activities	-
<u>Cash flows from investing activities:</u>	
Interest income	<u>3,710</u>
Net cash provided by investing activities	3,710
<u>Cash flows from noncapital financing activities:</u>	
Transfer to General Fund	<u>(3,710)</u>
Net cash (used) by noncapital financing activities	<u>(3,710)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	-
<u>Cash and cash equivalents, beginning of year</u>	<u>-</u>
<u>Cash and cash equivalents, end of year</u>	<u><u>-</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
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, 2018

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 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.

1. Summary of Significant Accounting Policies (Continued)

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, 2018.

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:

- **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.

1. Summary of Significant Accounting Policies (Continued)

- **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.

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.

1. Summary of Significant Accounting Policies (Continued)

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, 2018.
- 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.”

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.

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

<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 \$431,736. 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, 2018 is as follows:

	<u>Balance</u> <u>12-31-17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12-31-18</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>(579,734)</u>	<u>(41,964)</u>	<u>-</u>	<u>-</u>	<u>(621,698)</u>
Net fixed assets	<u>1,645,500</u>	<u>(41,964)</u>	<u>-</u>	<u>-</u>	<u>1,603,536</u>

Depreciation expense for the year ended December 31, 2018 was \$41,964.

4. **Investments**

Other than certificates of deposits in the amount of \$411,549, the Bureau had no other investment securities at December 31, 2018.

5. **Accounts Receivable**

The accounts receivable at December 31, 2018 is as follows:

Trade accounts receivable	-
Lodging tax collections	40,407
Accrued interest	<u>-</u>
Total	<u>40,407</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, 2018.

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 1st and July 1st and scheduled principal reduction due each July 1st 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, 2018:

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: Original issue discount</u>	-
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
<u>Less: Original issue discount</u>	-
Principal payments-prior periods	(545,000)
Principal payments-current year	<u>(115,000)</u>
Net Refunding Bonds, Series 2012 bonds due	<u>490,000</u>

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, 2018 are as follows:

2019	120,000
2020	120,000
2021	125,000
2022	<u>125,000</u>
	<u>490,000</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, 2018

	<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	616,601	616,601	553,725	(62,876)
Other revenues	214,742	214,742	166,988	(47,754)
Interest income	50	50	3,710	3,660
Total revenues	<u>831,393</u>	<u>831,393</u>	<u>724,423</u>	<u>(106,970)</u>
<u>Expenditures:</u>				
Accounting/audit	11,000	11,000	8,605	2,395
Advertising	164,575	164,575	147,421	17,154
Auto	11,000	11,000	9,356	1,644
Collection	2,500	2,500	1,400	1,100
Community support	3,000	3,000	-	3,000
Debt service	130,143	130,143	131,293	(1,150)
Dues and subscriptions	6,750	6,750	6,842	(92)
FAM tours	2,000	2,000	-	2,000
Grants	204,150	204,150	185,800	18,350
Hospitality and tourism	3,000	3,000	2,050	950
Miscellaneous	-	-	6,687	(6,687)
Office supplies	4,150	4,150	3,592	558
Operating expenses	39,000	39,000	34,890	4,110
Personnel	198,000	198,000	191,035	6,965
Postage	1,000	1,000	587	413
Promotional fees	5,000	5,000	2,078	2,922
Research	5,000	5,000	2,600	2,400
Staff training	4,500	4,500	3,270	1,230
Telephone and utilities	23,625	23,625	22,629	996
Travel-air	4,000	4,000	3,132	868
Travel-lodging	7,000	7,000	5,172	1,828
Travel-meals	2,000	2,000	753	1,247
Total expenditures	<u>831,393</u>	<u>831,393</u>	<u>769,192</u>	<u>62,201</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, 2018

	<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>	-	-	(44,769)	(44,769)
<u>Other financing sources:</u>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>115,000</u>
<u>Excess of revenues and other sources over expenditures</u>	-	-	70,231	70,231
<u>Fund balance at beginning of year</u>	<u>-</u>	<u>-</u>	<u>823,508</u>	<u>-</u>
<u>Fund balance at end of year</u>	<u>-</u>	<u>-</u>	<u>893,739</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, 2018

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

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318-429-1525 PHONE • 318-429-2070 FAX

June 30, 2019

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, 2018, 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 30, 2019.

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, 2018

We have audited the financial statements of the Ruston-Lincoln Convention and Tourist Bureau as of and for the year ended December 31, 2018, and have issued our report thereon dated June 30, 2019. 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, 2018 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. One (1) instance of noncompliance related 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, 2018.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2018-01: **Internal Control(s) over Cash and Cash Equivalents:**

As a result of our audit test-work related to the bank reconciliation process the following instance of non-compliance was noted:

- The monthly bank account reconciliations did not agree to the corresponding account(s) in the general ledger. Policies and procedures to address the finding noted above should be implemented. Employees involved in the reconciliation process should review the procedures and processes related to the reconciliations.

Management's Corrective Action Plan for Current Year Findings:

2018-01: The entity has agreed to and will implement policies and procedures to ensure bank reconciliations are reconciled with and agreed to the corresponding general ledger accounts and will provide a review of the procedures and process related to the same.

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, 2018

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, 2018

Agency Head: Mr. Travis Napper

Salary	63,374
Benefits-insurance-health	20,704
Benefits-life, accidental death and dismemberment,and dental	1,190
Automobile allowance	6,000
Mileage reimbursement	2,311
Travel, meals, and lodging	7,200
Registration fees, seminars, and meetings	3,723
401(k) retirement plan match	6,549

RUSTON-LINCOLN CONVENTION AND TOURIST BUREAU

Statewide Agreed-Upon Procedures Report

For the Year Ended December 31, 2018

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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318-429-1525 PHONE • 318-429-2070 FAX

June 30, 2019

The Board of Directors
Ruston-Lincoln Convention and Tourist 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 the Ruston-Lincoln Convention and Tourist 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 01, 2018 through December 31, 2018. 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 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.

The entity has adequate written procedures covering budgeting per these requirements.
 - 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

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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.

The entity has adequate written procedures covering purchasing per these requirements.

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

The entity has adequate written procedures covering disbursements per these requirements.

- 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 (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).

The entity has adequate written procedures covering receipts per these requirements.

- 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, and the legal review process, the approval process, or the monitoring process.

Management's Response: RLCVB is updating its Policies and Procedures to include new systems and changes, and has mitigating controls in place to reduce this risk.

- g) Credit Cards (and debit cards, fuel cards, and 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)

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 cards.

- 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,

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.

The entity is not subject to the ethics policy requirement.

- 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

Not applicable because of no exceptions in previous year.

Bank Reconciliations

2. 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.

3. 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.

Exception: Bank reconciliations at year-end did not agree back to the general ledger of the same report period.

Management's Response: Proper accounting procedures will be implemented and oversight controls will be put in place to ensure that bank account reconciliations are agreed back to the general ledger for each month accounting period.

- 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

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 cash deposit sites was obtained, checks/cash are collected at a single location.

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

The entity has this control in place. No exceptions noted.

- 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.

The entity has this control in place. No exceptions noted.

- 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.

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.

- 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.

The entity has this control in place. No exceptions noted.

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

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.

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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted

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

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 was obtained.
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 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) At least two employees are involved in processing and approving payments to vendors.

The entity has this control in place. No exceptions noted.

- 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.

The entity has this control in place. No exceptions noted.

- 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.

The Executive Director is responsible for processing disbursements, but does not issue checks / payments to vendors.

10. For each location selected under #6 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 noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

No exceptions noted.

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 disbursements made during the year was 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) 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, by someone other than the authorized card holder.
- b) *The entity has this control in place. No exceptions noted.*
 - c) Observe that finance charges and late fees were not assessed on the selected statements.
The entity has this control in place. No exceptions noted.
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).
The entity has this control in place. No exceptions noted.

Travel and Expense Reimbursement

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) 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
The entity has this control in place. No exceptions noted.
 - 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).
The entity has this control in place. No exceptions noted.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
The entity has this control in place. No exceptions noted.

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

A listing was obtained and no exceptions were noted.

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 all employees and their related compensation was obtained.

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). (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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The entity has this control in place. No exceptions noted.

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.

Not applicable; no employees were terminated in the period under examination.

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.

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

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.

Not applicable; the entity is not subject to the ethics requirement.

- 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.

Not applicable; the entity is not subject to the ethics requirement.

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.

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

22. Obtaining 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.

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

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.

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

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.

The notice is posted on its premises and website.

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