

Shreveport–Bossier Convention and Tourist Bureau

Financial Statements

As of and For the Year Ended December 31, 2018

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Commissioners
Shreveport–Bossier Convention and Tourist Bureau

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Shreveport–Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Shreveport–Bossier Convention and Tourist Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Shreveport–Bossier Convention and

Tourist Bureau as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

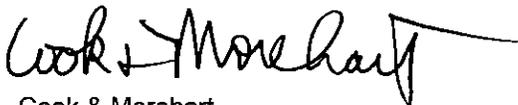
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison information on pages 3-8 and 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 the Shreveport-Bossier Convention and Tourist Bureau's basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head 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 19, 2019, on our consideration of Shreveport-Bossier Convention and Tourist 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's 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 Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 19, 2019

SHREVEPORT–BOSSIER CONVENTION AND TOURIST BUREAU

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Shreveport–Bossier Convention and Tourist Bureau’s financial performance provides an overview of the Shreveport–Bossier Convention and Tourist Bureau’s financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Bureau’s financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Shreveport–Bossier Convention and Tourist Bureau’s net position increased by \$362,477 or 6.9%.

The Shreveport–Bossier Convention and Tourist Bureau’s total general and program revenues were \$6,002,246 in 2018 compared to \$5,363,572 in 2017.

During the year ended December 31, 2018, the Shreveport–Bossier Convention and Tourist Bureau had total expenses, excluding depreciation, of \$5,528,035.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Shreveport–Bossier Convention and Tourist Bureau as a whole and present a longer-term view of the Bureau’s finances. Fund financial statements start on page 11. 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 Shreveport–Bossier Convention and Tourist Bureau’s operations in more detail than the government–wide statements by providing information about the Shreveport–Bossier Convention and Tourist Bureau’s most significant funds.

Reporting the Shreveport–Bossier Convention and Tourist Bureau as a Whole

Our analysis of the Shreveport–Bossier Convention and Tourist Bureau as a whole begins on page 9. One of the most important questions asked about the Shreveport–Bossier Convention and Tourist Bureau’s finances is “Is the Shreveport–Bossier Convention and Tourist Bureau as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Shreveport–Bossier Convention and Tourist Bureau’s *net position* and changes in them. You can think of the Shreveport–Bossier Convention and Tourist Bureau’s net position – the difference between assets and liabilities – as one way to measure the Shreveport–Bossier Convention and Tourist Bureau’s financial health, or *financial position*. Over time, *increases* or *decreases* in the Shreveport–Bossier Convention and Tourist Bureau’s net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Bureau’s property tax base, to assess the overall health of the Bureau.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau are reported here which consists primarily of personal services, materials and supplies, tourism projects, communications, advertising, travel, repairs and maintenance and other program services. Occupancy taxes finance most of these activities.

Reporting the Bureau’s Most Significant Funds

The Shreveport–Bossier Convention and Tourist Bureau has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Shreveport–Bossier Convention and Tourist Bureau – not the Shreveport–Bossier Convention and Tourist Bureau as a whole. The Shreveport–Bossier Convention and Tourist Bureau’s *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Shreveport–Bossier Convention and Tourist Bureau’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Shreveport–Bossier Convention and Tourist Bureau’s general government operations and the expenses paid from those funds. 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 Shreveport–Bossier Convention and Tourist Bureau expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE SHREVEPORT–BOSSIER CONVENTION AND TOURIST BUREAU AS A WHOLE

The Shreveport–Bossier Convention and Tourist Bureau’s total net position changed from a year ago, increasing from \$5,237,901 to \$5,600,378.

**Table 1
Net Position**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$3,977,434	\$3,534,519
Capital assets	<u>2,391,681</u>	<u>2,427,959</u>
Total assets	<u>\$6,369,115</u>	<u>\$5,962,478</u>
Current liabilities	253,737	94,577
Long-term liabilities	<u>515,000</u>	<u>630,000</u>
Total liabilities	<u>768,737</u>	<u>724,577</u>
Net position:		
Net investment in capital assets	1,876,681	1,797,959
Unrestricted	<u>3,723,697</u>	<u>3,439,942</u>
Total net position	<u>\$5,600,378</u>	<u>\$5,237,901</u>

Net position of the Shreveport–Bossier Convention and Tourist Bureau’s governmental activities increased by \$362,477 or 6.9% for the year ended December 31, 2018 and increased by \$727,828 or 16.1% for the year ended December 31, 2017.

Table 2
Change in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Intergovernmental grants - contributions	\$ 644,658	\$ 507,825
General revenue		
Occupancy tax	5,344,554	4,839,849
Miscellaneous revenues	6,943	10,712
Interest income	6,091	5,186
Total revenues	<u>\$6,002,246</u>	<u>\$ 5,363,572</u>
Expenses		
Convention/Tourism	1,050,131	893,091
Sports and major events	2,048,805	1,488,831
Communications	1,809,935	1,584,785
Administrative	705,880	639,050
Interest on long-term debt	25,018	29,987
Total expenses	<u>5,639,769</u>	<u>4,635,744</u>
Increase (decrease) in net position	<u>\$ 362,477</u>	<u>\$ 727,828</u>

Total revenues increased \$638,674 (11.9%) from total revenues in the year ended December 31, 2017 of \$5,363,572 to total revenues of \$6,002,246 in the year ended December 31, 2018.

The increase was primarily due to increases in the occupancy taxes.

THE BUREAU'S FUNDS

As the Bureau completed the year ended December 31, 2018, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$3,679,065, which is more than last year's fund balance of \$3,394,870. The primary reason for the increase is due to increases in occupational taxes.

General Fund Budgetary Highlights

The Bureau adopted a budget for its General Fund for the year ended December 31, 2018. There were no amendments to the budget during the year. The Bureau's budgetary comparison is presented as required supplementary information and shown on page 25.

Highlights for the year are as follows:

- Revenues – occupational taxes received were more than budgeted amounts by \$653,527.
- Expenditures were \$489,069 more than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2018, the Shreveport–Bossier Convention and Tourist Bureau had invested \$2,391,681 in capital assets compared to \$2,427,959 at December 31, 2017. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 339,000	\$ 339,000
Buildings and improvements	1,954,994	2,054,374
Equipment	23,031	29,586
Vehicles	74,656	4,999
Total assets	\$2,391,681	\$ 2,427,959

The additions to capital assets for 2018 were for the purchase of two vehicles for \$75,456. The additions to capital assets for 2017 consisted of the purchase of a new computer server for \$29,402. More detailed information about the capital assets are presented in Note 3 to the financial statements.

Debt Administration

Table 4
Outstanding Debt At Year End

	Governmental Activities	
	2018	2017
Revenue bonds	\$ 515,000	\$ 630,000

More detail information above the debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Shreveport–Bossier Convention and Tourist Bureau's management considered many factors when setting a fiscal year December 31, 2019 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2018.

CONTACTING THE BUREAU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Shreveport–Bossier Convention and Tourist Bureau and to show the Shreveport–Bossier Convention and Tourist Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the President at P.O. Box 1761, Shreveport, Louisiana, 71166.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Net Position
December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,605,963
Accounts receivable - occupancy tax	324,951
Prepaid expenses	46,520
Land	339,000
Capital assets (net)	2,052,681
Total assets	6,369,115
LIABILITIES	
Accounts payable	235,251
Accrued expenses	18,486
Long-term liabilities	
Due within one year-bonds payable	120,000
Due in more than one year-bonds payable	395,000
Total liabilities	768,737
NET POSITION	
Net investment in capital assets	1,876,681
Unrestricted	3,723,697
Total net position	\$ 5,600,378

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Activities
For the Year Ended December 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Functions / Programs:</u>		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
Convention/Tourism	\$ 1,050,131	\$ 69,760	\$ (980,371)
Sports and major events	2,048,805	574,898	(1,473,907)
Communication	1,809,935		(1,809,935)
Administrative	705,880		(705,880)
Interest on long-term debt	25,018		(25,018)
 Total governmental activities	 <u>5,639,769</u>	 <u>644,658</u>	 <u>(4,995,111)</u>
General revenues:			
Occupancy taxes			5,344,554
Interest income			6,091
Miscellaneous			6,943
Total general revenues			<u>5,357,588</u>
Change in net position			362,477
Net position - beginning			5,237,901
Net position - ending			<u>\$ 5,600,378</u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
 Balance Sheet
 Governmental Fund
 December 31, 2018

	General Fund
Assets	
Cash	\$ 3,605,963
Account receivable - occupancy tax	324,951
Total assets	\$ 3,930,914
Liabilities	
Accounts payable	\$ 235,251
Accrued expenses	16,598
Total liabilities	251,849
Fund balance	
Committed	463,909
Assigned	2,139,228
Unassigned	1,075,928
Total fund balance	3,679,065

Amounts reported for governmental activities in the statement of net position are different because:

The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.	46,520
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	(516,888)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	2,391,681
Net position of governmental activities	\$ 5,600,378

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2018

	<u>General Fund</u>
Revenues	
Occupancy taxes	\$ 5,344,554
Intergovernmental revenues	69,760
Other income	581,841
Interest income	<u>6,091</u>
Total revenues	<u>6,002,246</u>
Expenditures	
Current	
Convention/Tourism	1,022,198
Sports and major events	2,020,872
Communication	1,782,001
Administrative and general	677,084
Capital outlay	75,456
Debt service:	
Principal	115,000
Interest	<u>25,440</u>
Total expenditures	<u>5,718,051</u>
Excess of revenues over expenditures	284,195
Fund balance at beginning of year	<u>3,394,870</u>
Fund balance at end of year	<u><u>\$ 3,679,065</u></u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2018

Net change in fund balance - total governmental fund	\$	284,195
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$111,734 exceeded capital outlay \$75,456 in the current period.</p>		(36,278)
<p>The repayment of principal of long-term debt consumes current financial resources of governmental funds.</p>		115,000
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources</p>		(862)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.</p>		422
		422
Change in net position of governmental activities	\$	362,477

The accompanying notes are an integral part of this statement.

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018

INTRODUCTION

The Shreveport–Bossier Convention and Tourist Commission was created by and in accordance with the provisions of Act 19, State of Louisiana 1970 and has been amended several times since. In 1995 the original Commission was replaced by a new Commission which is a political subdivision of the State of Louisiana (LSA–R.S. 33:4574). The Commission voted to operate as a public agency effective January 1, 2001, and to continue to operate under the name of Shreveport-Bossier Convention and Tourist Bureau (the Bureau).

The Bureau was created to promote the convention and visitor industry of the Shreveport–Bossier metropolitan area to the greatest possible extent, using the proceeds of an occupancy tax derived from a three percent tax levied upon the occupancy of hotel rooms, motel rooms and overnight camping facilities within the jurisdiction of the Commission and revenue from other sources as may be arranged by The Bureau. The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission. Board members receive no compensation for their services.

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Bureau have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Shreveport–Bossier Convention and Tourist Bureau are discussed below.

B. Reporting Entity

State law states that the Bureau shall be a body politic and political subdivision of the State of Louisiana.

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission. Also, four different public bodies are required to approve the Bureau's budget each year.

For these reasons, the Bureau is considered a separate local public entity and is not considered a component of any parish or other local government.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

C. Basic Financial Statements – Government-Wide Statements

The Shreveport–Bossier Convention and Tourist Bureau's basic financial statements include both government-wide (reporting the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as a whole) and fund financial statements (reporting the Shreveport–Bossier Convention and Tourist Bureau's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Shreveport–Bossier Convention and Tourist Bureau's general fund is classified as governmental activities. The Shreveport–Bossier Convention and Tourist Bureau does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Shreveport–Bossier Convention and Tourist Bureau's net position is reported in two parts – net investment in capital assets net of related debt and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Shreveport–Bossier Convention and Tourist Bureau's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the Bureau consist of contributions operating grants, and sponsorships of events from other governments and businesses. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Shreveport–Bossier Convention and Tourist Bureau as an entity and the change in the Shreveport–Bossier Convention and Tourist Bureau's net assets resulting from the current year's activities.

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Shreveport–Bossier Convention and Tourist Bureau are recorded in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The fund is reported by generic classification within the financial statements.

The following fund type is used by the Shreveport–Bossier Convention and Tourist Bureau:

Governmental Fund – the focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Shreveport–Bossier Convention and Tourist Bureau:

- a. The general fund is the general operating fund of the Shreveport–Bossier Convention and Tourist Bureau. It is used to account for all financial resources.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Bureau's general fund was determined to be a major fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental fund in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Shreveport–Bossier Convention and Tourist Bureau consist principally of occupancy taxes levied upon occupancy of hotel rooms, motel rooms, and overnight camping facilities, other intergovernmental revenues, and interest income. Occupancy taxes are recognized in the period in which the underlying exchange has taken place. Interest income is recorded when earned. Intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

F. Budgets

The Bureau uses the following budget practices:

- (1) Bureau Management prepares a proposed budget and submits it to the Board of Commissioners for approval.
- (2) After completion of all action necessary to finalize and implement the budget, the budget is adopted at least fifteen days prior to the commencement of the fiscal year for which the budget is being adopted.
- (3) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. Budgetary amendments require approval of the Board of Commissioners.
- (4) All budgetary appropriations lapse at the end of each fiscal year.
- (5) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and investments, if any, with original maturities of 90 days or less. Under state law, the Bureau may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more for equipment and \$10,000 for improvements are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	7 – 30 years
Furniture and fixtures	5 – 10 years
Equipment	3 – 10 years
Vehicles	4 – 7 years

I. Compensated Absences

The Bureau has the following policy relating to vacation leave:

Employees of the Bureau earn vacation leave each year. The Bureau allows 40 hours of vacation leave to carry forward to the next year. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the various funds when leave is actually earned.

J. Occupancy Tax Revenue

Occupancy tax revenue represents a three percent tax levied by the Shreveport–Bossier Convention and Tourist Commission upon the occupancy of hotel room, motel rooms, and overnight camping facilities within Caddo and Bossier Parishes. Occupancy tax revenues (and related receivables) are considered derived tax revenues to be recognized when the underlying exchange takes place, i.e. when the facilities are rented.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

During 1999, the Shreveport-Bossier Convention and Tourist Commission levied an additional 1.5 percent tax. Three fourths of one percent of the new tax is dedicated for capital improvements, repairs, and maintenance of Independence Stadium and the remaining three fourths of one percent is to be used for the same purposes for which monies from the fund created by R.S. 47:302.3 are used. This additional 1.5 percent tax is collected by the tax collecting agencies in Caddo and Bossier Parishes and sent directly to the City of Shreveport and the City of Bossier City. The additional 1.5 tax is not reflected in the financial statements of The Bureau.

During 2015, the Shreveport-Bossier Convention and Tourist Bureau levied an additional 1.5 percent tax, beginning December 7, 2015 and ending June 30, 2027. Fifty-percent of one cent shall be used to support the Shreveport-Bossier Sports Commission, a division of the Bureau. Fifty-percent of one cent shall be used to support the Independence Bowl Foundation. Fifty-percent of one cent shall be used to support the Ark-La-Tex Regional Air Service Alliance. This additional 1.5 percent tax is collected by the tax collecting agencies in Caddo and Bossier Parishes and sent directly to the three organizations. The fifty-percent of one cent for both the Independence Bowl Foundation and the Ark-La-Tex Regional Air Service Alliance is not reflected in the financial statements of the Bureau.

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the Bureau's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Bureau's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

M. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are reported as prepaid expenses in the government-wide financial statements.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, except any

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Board of Commissioners (the Bureau's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the Bureau's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Bureau's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Bureau's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Bureau has no transactions that meet the definition of deferred outflows of resources.

The Bureau's governmental activities and governmental fund will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Bureau has no transactions that meet the definition of deferred inflows of resources.

(2) Cash and Cash Equivalents

At December 31, 2018, the Bureau has cash and cash equivalents (book balances) totaling \$3,605,963 in interest bearing demand deposits and money market accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2018, the Bureau's collected bank balances were secured from credit risk by \$500,000 of federal deposit insurance. The remaining \$3,233,199 was exposed to custodial credit risk. Of the balances, \$3,202,762 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department not in the Bureau's name. The remaining \$30,437 was unsecured.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Bureau that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

(3) Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance at Jan. 1, 2018	Additions	Deletions	Balance at Dec. 31, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 339,000	\$	\$	\$ 339,000
Capital assets, being depreciated:				
Buildings and improvements	3,085,884			3,085,884
Furniture and fixtures	67,714			67,714
Equipment	82,958			82,958
Vehicles	111,919	75,456	(21,539)	165,836
Total capital assets, being depreciated at historical cost	<u>3,348,475</u>	<u>75,456</u>	<u>(21,539)</u>	<u>3,402,392</u>
Less accumulated depreciation:				
Buildings and improvements	(1,031,510)	(99,380)		(1,130,890)
Furniture and fixtures	(67,714)			(67,714)
Equipment	(53,372)	(6,555)		(59,927)
Vehicles	(106,920)	(5,799)	21,539	(91,180)
Total accumulated depreciation	<u>(1,259,516)</u>	<u>(111,734)</u>	<u>21,539</u>	<u>(1,349,711)</u>
Total capital assets, being depreciated, net	<u>2,088,959</u>	<u>(36,278)</u>		<u>2,052,681</u>
Governmental activities capital assets, net	<u>\$ 2,427,959</u>	<u>\$ (36,278)</u>	<u>\$</u>	<u>\$ 2,391,681</u>

Depreciation expense for the year ended December 31, 2018, was \$111,734. Depreciation expense was charged to the following governmental activities:

Convention/Tourism	\$ 27,933
Sports and major events	27,933
Communications	27,934
Administrative	27,934
	<u>\$ 111,734</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

(4) Pension Retirement Plan

The Bureau provides a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code and a Governmental 401(a) Money Purchase Plan. The Bureau's Plan does not meet the criteria established under GASB, therefore, the plan's assets and liabilities are not presented in the financial statements of the Bureau. The Bureau matches and contributes up to 10% of employee's compensation to the plan. The Bureau's contribution to the Plan for the year ended December 31, 2018 was \$116,402.

(5) Risk Management

The Bureau purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(6) Lease Commitments

At December 31, 2018, the Bureau had non-cancelable operating leases for various equipment.

Minimum annual commitments under non-cancelable leases are as follows:

2019	\$ 17,562
2020	14,624
2021	<u>6,398</u>
	<u>\$ 38,584</u>

Total rental expenditures under operating leases for the year ended December 31, 2018, was \$19,496.

(7) Fund Balance Classifications

The constraints on fund balances as listed in aggregate are composed of the following:

Fund balances:	
Committed	
Marketing	\$ 363,909
Capital projects	100,000
Assigned	
Subsequent tourism operations	1,000,000
Retirement of long-term debt	515,000
Future sporting events	424,228
Special events	200,000
Unassigned	<u>1,075,928</u>
	<u>\$ 3,679,065</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

(8) Subsequent Events

Subsequent events have been evaluated through June 19, 2019, the date the financial statements were available to be issued.

(9) Long-Term Debt

At December 31, 2018, long-term debt consisted of the following:

Revenue bonds, Series 2011, dated August 15, 2007, for construction, improvement of facilities. Payments on the debt are made semi-annually with annual debt service over 15 years of \$138,000 to \$146,000 through June, 2022. Interest rate on the bonds is 4.4%. Repayment of debt will be from the excess of annual revenues.

\$ 515,000

Changes in long-term debt for the year ended December 31, 2018 are summarized below:

	<u>Balance</u> <u>12-31-17</u>	<u>Issues</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-18</u>	<u>Amount Due</u> <u>within One Year</u>
Bonds payable	\$ 630,000	\$ —	\$ 115,000	\$ 515,000	\$ 120,000

Annual requirements to retire long-term debt are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 120,000	\$ 20,020	\$ 140,020
2020	125,000	14,630	139,630
2021	130,000	9,020	139,020
2022	140,000	3,080	143,080
	<u>\$ 515,000</u>	<u>\$ 46,750</u>	<u>\$ 561,750</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2018
(Continued)

(10) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2018 consisted of regular trade payables.

Accrued expenses at December 31, 2018 consisted of the following:

Compensated absences	<u>\$ 16,598</u>
Total fund statements	16,598
Accrued interest payable	<u>1,888</u>
Total government-wide financial statements	<u>\$ 18,486</u>

(11) Contingencies

At December 31, 2018, the Bureau is involved in one lawsuit. The potential loss or outcome is not presently determinable.

Shreveport - Bossier Convention and Tourist Bureau
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Variance With Final Budget Positive(Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues			
Occupancy taxes	\$ 4,691,027	\$ 5,344,554	\$ 653,527
Intergovernmental revenues	83,350	69,760	(13,590)
Other income	546,109	581,841	35,732
Interest income	1,665	6,091	4,426
Total revenues	<u>5,322,151</u>	<u>6,002,246</u>	<u>680,095</u>
Expenditures			
Current:			
Convention/Tourism	1,022,068	1,022,198	(130)
Communication	1,579,154	1,782,001	(202,847)
Administrative and general	641,024	677,084	(36,060)
Sports and major events	1,846,296	2,020,872	(174,576)
Capital outlay		75,456	(75,456)
Debt service	140,440	140,440	
Total expenditures	<u>5,228,982</u>	<u>5,718,051</u>	<u>(489,069)</u>
Excess (deficiency) of revenues over expenditures	93,169	284,195	191,026
Fund balance at beginning of year	<u>1,947,573</u>	<u>3,394,870</u>	<u>1,447,297</u>
Fund balance at end of year	<u>\$ 2,040,742</u>	<u>\$ 3,679,065</u>	<u>\$ 1,638,323</u>

Shreveport - Bossier Convention and Tourist Bureau
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head : Stacy A. Brown, CEO

PURPOSE	AMOUNT
Salary	\$ 160,463
Benefits - insurance	34,849
Benefits - retirement	16,073
Travel for Bureau business and trade shows	14,521
Travel for education and other	7,866
Other	1,658

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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

Independent Auditors' Report

To the Board of Commissioners
Shreveport–Bossier Convention and Tourist Bureau

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Shreveport–Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Shreveport–Bossier Convention and Tourist Bureau's basic financial statements, and have issued our report thereon dated June 19, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport–Bossier Convention and Tourist Bureau’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in accompanying summary schedule of current year audit findings as items 2018–001 and 2018–002.

Shreveport–Bossier Convention and Tourist Bureau’s Response to Findings

Shreveport–Bossier Convention and Tourist Bureau’s response to the findings identified in our audit is described in the accompanying summary schedule of current year audit findings. Shreveport–Bossier Convention and Tourist Bureau’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 19, 2019

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
December 31, 2018

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2017.

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Current Year Audit Findings
December 31, 2018

Schedule of Current Year Audit Findings

There were two findings for the current year audit for the year ended December 31, 2018.

2018-001 – Unsecured Deposits

Criteria: Louisiana Revised Statute 39:1225 requires that deposits in banks be collateralized in full for the amount on deposit that exceeds the Federal Deposit Insurance Corporation (FDIC) coverage.

Condition: At December 31, 2018, bank balances totaling \$30,437 were uninsured.

Cause: The bank where the deposits were held did not fully collateralize the deposits in excess of FDIC coverage.

Effect: Shreveport–Bossier Convention and Tourist Bureau was not in compliance with the requirements of Louisiana Revised Statute 39:1225.

Recommendation: Shreveport–Bossier Convention and Tourist Bureau should communicate with the bank holding its deposits to ensure that all funds on deposit are appropriately collateralized at all times. Shreveport–Bossier Convention and Tourist Bureau should review collateral reports on a monthly basis to ensure all funds are fully collateralized.

Management Response: In the future, the Shreveport–Bossier Convention and Tourist Bureau will communicate with all banks holding its deposits to ensure that all deposited funds are appropriately collateralized at all times and will review collateral reports on a monthly basis to ensure all funds are fully collateralized.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Current Year Audit Findings
December 31, 2018
(Continued)

2018-002 Finding - Budget

Condition: Actual expenditures and other financing uses exceeded budgeted expenditures by more than 5%.

Criteria: The Local Government Budget Act requires the annual budgets be amended when actual plus projected expenditures exceed budgeted amounts by more than 5%.

Cause: Shreveport–Bossier Convention and Tourist Bureau's budget was not amended during 2018.

Effect: The Town was not in compliance with the Local Government Budget Act.

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that the budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Management Response: Shreveport–Bossier Convention and Tourist Bureau will monitor budget to actual comparisons throughout the year and will appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Shreveport–Bossier Convention and Tourist Bureau, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Shreveport–Bossier Convention and Tourist Bureau's (Bureau) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is complete.

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

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

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

There was evidence that a member of management reviewed and approved the bank reconciliations for the accounts selected for testing.

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

There were no outstanding checks more than 12 months from statement closing date.

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).

Management provided the requested information, along with management's representation that the listing is complete.

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:

Management provided the requested information, along with management's representation that the listing is complete.

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

No cash drawers are utilized by the Bureau.

- 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.

Exception: The individual responsible for collecting cash is also responsible for making deposits, reconciling the bank accounts, and for recording the transactions in the general ledger.

Management's Response: The Bureau contracts with a CPA firm to review and approve all bank reconciliations. The Vice-President of Finance also reviews the activity on a monthly basis.

- 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 Bureau contracts with a CPA firm to review and approve all bank reconciliations. The Vice-President of finance also reviews the activity on a monthly basis.

- 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 Bureau contracts with a CPA firm to review and approve all bank reconciliations. The Vice-President of finance also reviews the activity on a monthly basis.

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

All employees are covered by a blanket insurance policy for theft.

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). Obtain supporting documentation for each of the 10 deposits and:

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

Pre-numbered receipts are not utilized by the Bureau due to no cash receipts.

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

Pre-numbered receipts are not utilized by the Bureau due to no cash receipts.

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

For the deposits selected, the deposit slip total was located on 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).

Pre-numbered receipts or mail logs are not utilized by the Bureau due to no cash receipts. Thus unable to compare date received with deposit date.

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

For the deposits selected, the actual deposit was traced to the general ledger.

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

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

Management provided the requested information, along with management's representation that the listing is complete.

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.

- b) At least two employees are involved in processing and approving payments to vendors.

- 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.

Exception: The Director of Finance processes and adds vendors to the disbursement system.

Management's Response: It is the Bureau's policy for supporting documentation to accompany checks for signature. The Bureau's policy is for all disbursements to require two signatures on checks. The two signatures can be the President and approved Board Members.

- 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.

Segregation of duties exists as noted above, except as noted below.

Exception: The Director of Finance processes and adds vendors to the disbursement system.

Management's Response: It is the Bureau's policy for supporting documentation to accompany checks for signature. The Bureau's policy is for all disbursements to require two signatures on checks. The two signatures can be the President and approved Board Members.

Exception: The employee responsible for processing payments receives the signed checks for mailing.

Management's Response: It is the Bureau's policy for supporting documentation to accompany checks for signature. The Bureau's policy is for all disbursements to require two signatures on checks.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

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.

Management provided the requested information, along with management's representation that the listing is complete.

- 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.

There was evidence of approval on the statements selected for testing by someone other than the authorized card holder.

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

There were no finance charges or late fees on the statement selected for testing.

- 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).

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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. 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:

Management provided the requested information, along with management's representation that the listing is complete.

- 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.

Contracts selected for testing were not subject to the Louisiana Public Bid 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).

The contracts selected for testing did not require board approval.

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

The contracts selected for testing were not amended.

- 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.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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.



Cook & Morehart
Certified Public Accountants
June 19, 2019