

4202

RECEIVED
LEGISLATIVE AUDITOR
2000 JUN 30 PM 1:21

Shreveport-Bossier Convention and Tourist Bureau

Financial Statements With Auditors' Report

As of and for the Years Ended December 31, 1999 and 1998

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for review at the Shreveport-Bossier Convention and Tourist Bureau, 1000 Louisiana, Room 1000, Shreveport, Louisiana 71201, or by mail, where appropriate, at the office of the parish clerk of court.

Release Date 08-02-00

Shreveport–Bossier Convention and Tourist Bureau

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
<i>Statements of Activities</i>	3
Statements of Cash Flows	4
Notes to Financial Statements	5 – 9
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10 – 11
Schedules for the Louisiana Legislative Auditor:	
Summary Schedule of Prior Audit Findings	12
Summary Schedule of Current Year Audit Findings	13

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Shreveport-Bossier Convention and Tourist Bureau as of December 31, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Shreveport-Bossier Convention and Tourist Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport-Bossier Convention and Tourist Bureau at December 31, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 on our consideration of Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Cook & Morehart
Certified Public Accountants
June 9, 2000

Shreveport-Bossier Convention and Tourist Bureau
 Statements of Financial Position
 December 31, 1999 and 1998

Assets	1999	1998
Current assets:		
Cash	\$ 359,634	\$ 267,280
Accounts receivable	15,769	36,679
Prepaid expenses	8,800	25,753
Total current assets	384,203	329,712
Property and equipment:		
Property and equipment	967,525	931,310
Accumulated depreciation	(314,554)	(238,950)
Net property and equipment	652,971	692,360
Total Assets	\$ 1,037,174	\$ 1,022,072
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 24,261	\$ 78,706
Accrued expenses	1,734	1,246
Current portion of long-term debt	12,071	21,704
Total current liabilities	38,066	101,656
Long-term debt, less current portion	23,038	35,371
Total liabilities	61,104	137,027
Net assets:		
Unrestricted:		
Operating	358,208	249,760
Fixed assets	617,862	635,285
Total net assets	976,070	885,045
Total Liabilities and Net Assets	\$ 1,037,174	\$ 1,022,072

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

Shreveport-Bossier Convention and Tourist Bureau
 Statements of Activities
 For the Years Ended December 31, 1999 and 1998

	1999	1998
Revenues and Other Support:		
Occupancy taxes	\$ 2,433,645	\$ 2,316,730
Participating programs	423,928	343,531
Other revenues	100,287	47,444
Contributions	93,558	
Interest income	10,169	14,782
	3,061,587	2,722,487
 Expenses:		
Program services		
Convention	342,751	296,890
Tourism	1,622,084	1,152,484
Communications	598,965	539,848
Supporting services		
Administrative and general	406,762	388,273
	2,970,562	2,377,495
 Changes in net assets	91,025	344,992
 Net assets, beginning of year	885,045	540,053
 Net assets, end of year	\$ 976,070	\$ 885,045

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

Shreveport-Bossier Convention and Tourist Bureau
 Statements of Cash Flows
 For the Years Ended December 31, 1999 and 1998

	1999	1998
Operating Activities		
Change in net assets	\$ 91,025	\$ 344,992
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,210	82,665
(Increase) decrease in operating assets:		
Accounts receivable	20,910	29,977
Prepaid expenses	16,953	28,973
Increase (decrease) in operating liabilities:		
Accounts payable	(54,445)	14,628
Accrued liabilities	488	(5,816)
Grants and unconditional promises to give		(125,000)
Net cash provided by operating activities	151,141	370,419
Investing Activities		
Payments for property and equipment	(36,821)	(190,157)
Net cash used in investing activities	(36,821)	(190,157)
Financing Activities		
New loan principal		47,647
Payments of long-term debt	(21,966)	(20,464)
Net cash provided in financing activities	(21,966)	27,183
Net increase in cash	92,354	207,445
Cash as of beginning of year	267,280	59,834
Cash as of end of year	\$ 359,634	\$ 267,279

Supplemental Disclosure:

Operating activities reflect interest paid in 1999 of \$799 and 1998 of \$1,512.

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

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Shreveport-Bossier Convention and Tourist Bureau, (The Bureau) was established by the Shreveport-Bossier Convention and Tourist Commission (the Commission). The Bureau was created to pursue the objectives set by the Commission to promote the convention and visitor industry of the Shreveport-Bossier metropolitan area to greatest possible extent, using the proceeds the 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 Bureau operates as a not for profit organization. The Board of Directors 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.

The Shreveport-Bossier Convention and Tourist Commission was created by and in accordance with the provisions of Act 19, State of Louisiana 1970 and amended several times since.

B. Basis of Accounting

The financial statements of the Bureau have been prepared on the accrual basis of accounting.

C. Basis of Presentation

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

D. Income Tax Status

The Bureau is a tax-exempt organization as described in Section 501(c)(4) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to the Bureau's tax-exempt purpose is subject to taxation as unrelated business income. The Bureau had no such income for this audit period.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 1999 and 1998
(Continued)

E. 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.

F. Cash and Cash Equivalents

The Bureau's cash, as stated for cash flow purposes, consists of interest bearing and non-interest bearing bank accounts. The Bureau has no other assets that are considered cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

H. Restricted and Unrestricted Revenue

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

I. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the receivables being small in nature and from several different entities. The Bureau maintains cash balances at financial institutions. The Federal Deposit Insurance Corporation (FDIC)

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 1999 and 1998
(Continued)

insures accounts up to \$100,000 at each institution. At December 31, 1999 and 1998 there were no uninsured balances at these institutions. As of December 31, 1999 and 1998, the Bureau had no significant concentrations of credit risk.

(3) Property and Equipment

Property and equipment consisted of the following at December 31:

	Estimated Depreciable Life	<u>1999</u>	<u>1998</u>
Buildings and improvements	7–30 years	\$ 566,549	\$ 566,549
Vehicles	5 years	97,005	97,005
Furniture and equipment	5–10 years	303,971	267,756
Accumulated depreciation		<u>(314,554)</u>	<u>(238,950)</u>
 Net investment in property and equipment		 <u>\$ 652,971</u>	 <u>\$ 692,360</u>

Depreciation expense for the year ended December 30, 1999 and 1998 was \$76,210 and \$82,665, respectively.

(4) Long–Term Debt

Long-term debt at December 31, 1999 and 1998 consisted of the following:

	<u>1999</u>	<u>1998</u>
Note payable to a bank, with interest at 7.5%, payable in monthly installments of \$461 including interest, with one final payment for the balance due January 25, 2000, secured by a certificate of deposit	\$ 205	\$ 5,550
 Note payable to a bank, with interest at 7.5%, payable in monthly installments of \$422 including interest, with one final payment for the balance due May 19, 2000, secured by a certificate of deposit	 –	 4,854

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 1999 and 1998
(Continued)

Note payable to a bank, with interest at .9%, payable in monthly installments of \$502 including interest, with one final payment for the balance due November, 2002, secured by a vehicle	\$ 17,590		\$ 23,151
--	-----------	--	-----------

Note payable to a bank, with a interest at .9% payable in monthly installments of \$510 including interest, final payment due November, 2002 secured by a vehicle	<u>17,314</u>		<u>23,520</u>
	35,109		57,075
Less current installments	<u>(12,071)</u>		<u>(21,704)</u>
Long-term portion	<u>\$ 23,038</u>		<u>\$ 35,371</u>

Approximate maturities of long-term debt are summarized as follows:

For the Year Ending <u>December 31,</u>	Approximate <u>Amount</u>
2000	\$ 12,071
2001	11,975
2002	<u>11,063</u>
	<u>\$ 35,109</u>

For the year ended December 31, 1999 and 1998, the Bureau incurred interest expense of \$799 and 1,512, respectively.

(5) Leases

The agency leases certain equipment under operating leases. The rental costs on these items for the years ended December 31, 1999 and 1998 were \$32,653 and \$27,433, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 1999 are:

Years Ending December 31:	
2000	\$ 36,575
2001	20,963
2002	15,758
2003	7,887
2004	<u>573</u>
	<u>\$ 81,756</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 1999 and 1998
(Continued)

(6) Employee Benefit Plans

Retirement Plan

During the year ended December 31, 1998, the Bureau maintained a tax deferred annuity plan under section 403(b) of the Internal Revenue Code. This plan was discontinued during the year and a deferred profit sharing 401(k) plan was established for substantially all its employees. The Bureau will match employee deferrals up to 10% of participants salary. The Bureau's contributions to these plans for the years ended December 31, 1999 and 1998 was \$35,604 and \$19,056, respectively.

Deferred Compensation Plan

The Bureau also maintains a deferred compensation plan for its President. Under this plan the Bureau can defer 10% of the President's annual salary.

(7) Occupancy Tax Revenue

The occupancy tax revenue shown in the statement of activities 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.

During 1999, the Shreveport-Bossier Convention and Tourist Commission levied an additional 1.5 percent tax which three fourths of one percent is deducted for capital improvements, repairs, and maintenance of Independence Stadium and the remaining three fourths of one percent for 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.

(8) Affiliations

The Bureau currently maintains an operating relationship with Shreveport–Bossier Film Assistance Office and the December on the Red organization. Activity for these two organizations are included in the accompanying financial statements.

(9) Subsequent Event

The Bureau was notified by the Legislative Auditor's Office that an investigative audit will be conducted concerning certain credit card payments and personnel payments. That audit began approximately on June 15, 2000. The audit will not be completed for several weeks.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

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

We have audited the financial statements of Shreveport-Bossier Convention and Tourist Bureau as of and for the year ended December 31, 1999, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Shreveport-Bossier Convention and Tourist Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving internal control over financial reporting which we have reported to management of Shreveport-Bossier Convention and Tourist Bureau in a separate management letter dated June 9, 2000.

This report is intended for the information and use of management, the Board of Directors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
June 9, 2000

Shreveport–Bossier Convention and Tourist Bureau
Summary Schedule of Prior Year Findings
Schedule For Louisiana Legislative Auditor
December 31, 1999

Summary Schedule of Prior Audit Findings – Year End December 31, 1998

1. Segregation of Duties–Reportable Condition

During 1999 the Bureau’s accounting personnel consisted of a Vice President of Finance and a Comptroller.

2. Board Committees

The Bureau has established a Personnel Committee and the Finance Committee has become active and is meeting.

3. Purchasing Procedures

The Bureau still does not have written purchasing procedures, including use of Bureau credit cards. Repeat management letter comment for the December 31, 1999 audit.

4. Payroll Transactions Approval

Time sheets or records are utilized for part-time employees but full-time salaried employees do not utilize time sheets and designated supervisors do not approve payroll transactions. Repeat management letter comment for the December 31, 1999 audit.

5. Grants Payable Register

The Bureau now has a grants payable register.

6. Documentation of Credit Card Purchases

The Bureau still has credit card payments made on statements without all the supporting documents to support the purpose for the purchase. Repeat management letter comment for December 31, 1999 audit.

7. Travel Policy

The Bureau did not have a written travel policy during 1999. Repeat management letter comment for December 31, 1999 audit.

Shreveport–Bossier Convention and Tourist Bureau
Corrective Action Plan For Current Year Findings
Schedule For Louisiana Legislative Auditor
December 31, 1999

Management Letter Comments:

1. Purchasing Procedures

The Bureau is currently updating its purchasing procedure in writing. Purchase orders are required and have been required in the past for purchases made from vendors. Credit cards have been taken up and are distributed on a sign in and sign out register. Receipts are turned in when the credit card is returned. No purchases are approved with the exception of fuel, meals and board without a purchase order from the comptroller.

2. Payroll Transactions Approval

All employees will be required to complete time sheets and submit them to their supervisor for approval and signature before being submitted to accounting for processing. Any raises given during the fiscal year will be submitted in writing and signed by the supervisor and the President of the company.

3. Documentation of Credit Card Purchases

A summary sheet is being provided to all employees who use credit cards and they will be required to complete the summary with a detail of purchase before the credit card will be paid.

4. Travel Policy

The Bureau has implemented a travel policy as of January 2000.

5. Bank Statement Reconciliations

Duties will be segregated between the Comptroller and V.P. of Finance. All incoming bank statements will be opened and reviewed by the V.P. of Finance before being given to the Comptroller for reconciliation.

6. Monthly General Ledger and Financial Statements

Financials are currently being given to the V.P. of Finance for review. The V.P. will also review month end ledgers for any errors before the books are closed.

7. Pay Rate Authorization

Any pay raises given during the physical year will be submitted in writing and approved by both the Supervisor and President of the company.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

June 9, 2000

Board of Directors
Shreveport-Bossier Convention and Tourist Bureau

We have audited the financial statements of Shreveport-Bossier Convention and Tourist Bureau (The Bureau), for the year ended December 31, 1999 and 1998, and have issued our report thereon dated June 9, 2000. In planning and performing our audit of the financial statements of Shreveport-Bossier Convention and Tourist Bureau, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of the Shreveport-Bossier Convention and Tourist Bureau.

REPEAT COMMENTS FROM PRIOR YEAR:

Comment #1: Purchasing Procedures

The Bureau does not have written purchasing procedures including purchases made with Bureau credit cards.

We recommend the Bureau adopt written purchasing procedures, including the use of Bureau credit cards, for purchases made by employees.

Comment #2: Payroll Transactions Approval

During our audit of the year ended December 31, 1999, we determined that the Bureau did not utilize time sheets-time records for payroll preparation on full-time employees.

We recommend that payroll transactions be prepared upon time records approved by designated supervisors of the Bureau for all employees.

Comment #3: Documentation of Credit Card Purchases

The Bureau currently provides several employees with credit cards for business purposes. We noted during our audit that it was sometimes difficult to determine the business purpose for the credit card purchases.

We recommend all employees with credit cards provide a summation – analysis of all charges on their individual Bureau credit cards detailing the business purpose of the charge. This should be done each month before the credit card bill is paid.

Comment #4: Travel Policy

We noted during our audit that the Bureau did not have a written travel policy during 1999.

We recommend the Bureau develop a written travel policy in order to provide uniform procedures for travel on all employees.

NEW MANAGEMENT LETTER COMMENTS:

Comment #5: Bank Statement Reconciliations

During our audit we determined that the bank reconciliations prepared by the Comptroller are not reviewed by the Vice President of Finance.

We recommend that the Vice President of Finance review and approve all bank reconciliations. We also recommend that the Vice President of Finance obtain all bank statements unopened and review contents before the Comptroller prepares the bank reconciliations.

Comment #6: Monthly General Ledger and Financial Statements

During our audit we noted that monthly general ledgers and financial statements are not being printed and reviewed by the Vice President of Finance.

We recommend that the Comptroller print monthly general ledgers and financial statements and that the Vice President of Finance review those documents.

Comment #7: Pay Rate Authorization

During our audit we noted that pay rates for employees are usually set during the budget process. Changes to pay rates are initiated by the President of the Bureau usually verbally.

We recommend the Bureau develop written pay rate authorizations and that any change in any employee's pay rate or salary be approved by a designated person in accordance with procedures developed by the Personnel Committee.

We express sincere thanks to the Shreveport-Bossier Convention and Tourist Bureau personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style.

Cook & Morehart
Certified Public Accountants