

SHREVEPORT REGIONAL SPORTS AUTHORITY

SHREVEPORT, LOUISIANA

DECEMBER 31, 2003

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 public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-1-04

SHREVEPORT REGIONAL SPORTS AUTHORITY

SHREVEPORT, LOUISIANA

DECEMBER 31, 2003

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AUDITED FINANCIAL STATEMENTS

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May 26, 2004

Board of Directors
Shreveport Regional Sports Authority
Shreveport, Louisiana

Independent Auditor's Report

We have audited the component unit financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 2003, as listed in the table of contents. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Regional Sports Authority as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on Pages 3 through 6 and Page 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying component unit financial statements have been prepared assuming that Shreveport Regional Sports Authority will continue as a going concern. As discussed in Note 10 to the component unit financial statements, Shreveport Regional Sports Authority has experienced substantial recurring losses in the Proprietary Fund resulting in a fund equity deficiency in the current year. These conditions raise

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substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 10. The component unit financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2004 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Heard, McElroy & Vental, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents readers of the financial statements of the Shreveport Regional Sports Authority (Authority) with a narrative overview and analysis of its financial activities for the fiscal years ended December 31, 2003 and 2002. It is intended to serve as an introduction to the basic financial statements of the Authority, which statements consist of fund financial statements and notes thereto.

FINANCIAL HIGHLIGHTS

The Authority's net assets decreased by \$52,154 or 19.52%.

The Authority's total revenues were \$381,578 in 2003 compared to \$705,472 in 2002.

During the year ended December 31, 2003, the Authority had total capital expenditures, excluding depreciation, of \$316.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets on Page 7 and the Statement of Activities on Page 8 provide information about the Authority as a whole. Fund financial statements start on Page 9. 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 Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds. The Authority is a component unit of the City of Shreveport because the City appoints all members of the governing board and has the ability to impose its will on them. The accompanying financial statements present information only on funds maintained by the Authority.

Reporting the Funds Maintained by the Authority as a Whole

Government-Wide Financial Statements

Our analysis of the funds maintained by the Authority as a whole begins on Page 7. The Statement of Net Assets and Statement of Activities report information about funds maintained by the Authority as a whole and about its activities. 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 Authority's *net assets* and changes in them. The Authority's net assets – the difference between assets and liabilities – is one way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating.

In both the Statement of Net Assets and Statement of Activities, we record the funds maintained by the Authority as governmental activities and business-type activities.

Governmental activities – expenses related to, and resources provided for, the repayment of the Authority's general obligation bonds.

Business-type activities – revenues earned, resources provided for, and expenses incurred attracting and underwriting professional and amateur sporting events.

Reporting the Most Significant Funds Maintained by the Authority

Our analysis of the major funds maintained by the Authority begins on Page 9. The fund financial statements provide detailed information about the most significant funds maintained by the Authority – not the Authority as a whole. The Authority's funds use the following accounting approaches.

Governmental fund – All of the Authority's general activities are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances at year-end that are available for spending. This fund is reported using accounting method called *modified accrual* basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

Proprietary fund – All of the Authority's operations whose costs are expected to be recovered through user fees, or whereas the periodic determination of revenues earned and expenses incurred is appropriate for public policy, management control, and accountability. Such operations typically encompass various sporting events sponsored, managed, produced, or otherwise promoted by the Authority.

THE FUNDS MAINTAINED BY THE AUTHORITY AS A WHOLE

The Authority's total net assets changed from a year ago, decreasing from (\$267,144) to (\$319,298). Our analysis below will focus on key elements of the total funds for the 2003 and 2002 years.

**Table 1
Net Assets**

	Government-Wide Activities	
	<u>2003</u>	<u>2002</u>
Current assets	560,178	528,170
Capital assets	<u>8,189</u>	<u>13,623</u>
Total assets	568,367	541,973
Current liabilities	<u>887,665</u>	<u>808,937</u>
Total liabilities	887,665	808,937
Net assets:		
Investments in capital assets	8,189	13,623
Unrestricted	<u>(327,487)</u>	<u>(280,767)</u>
Total net assets	<u>(319,298)</u>	<u>(267,144)</u>

Net assets of the funds maintained by the Authority decreased by \$52,154 or 19.52%.

**Table 2
Change in Net Assets**

	<u>Government-Wide Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues		
Grants	270,000	280,000
Event ticket sales	55,927	285,272
Other event revenues	55,621	139,652
Miscellaneous	<u>30</u>	<u>548</u>
Total revenues	381,578	705,472
Expenses		
General governmental	184,093	226,444
Event	<u>249,639</u>	<u>761,150</u>
Total expenses	<u>433,732</u>	<u>987,594</u>
(Decrease) in fund balance	<u>(52,154)</u>	<u>(282,122)</u>

For the funds maintained by the Authority, total revenues decreased \$323,894, from the total revenues in 2002 of \$705,472, to total revenues of \$381,578 in 2003. For the funds maintained by the Authority, program revenues decreased \$323,376 from program revenue in 2002 of \$704,924 to program revenue of \$381,548 in 2003. Both decreases resulted from sponsoring, hosting, managing, facilitating, or underwriting less national sporting events and eliminating football events.

In addition, total expenses decreased \$553,862, from \$987,594 in 2002, to \$433,732 in 2003. This resulted primarily from a decrease of \$511,511 in event expenses due to the sponsoring, hosting, managing, facilitating, or underwriting of less national sporting events and eliminating football events.

CAPITAL ASSETS

At the end of 2003 and 2002, the Authority had invested \$8,189 and \$13,623 (net of accumulated depreciation) in capital assets from those funds maintained by the Authority.

**Table 3
Capital Assets At Year End**

	<u>Government-Wide Activities</u>	
	<u>2003</u>	<u>2002</u>
Office furniture and fixtures	12,677	12,462
Office equipment	16,324	16,223
Accumulated depreciation	<u>(20,812)</u>	<u>(15,062)</u>
	<u>8,189</u>	<u>13,623</u>
This year's major additions included:		
Furniture and fixtures	215	-
Computer equipment	101	1,110
Office cabinets	-	320
Office equipment	<u>-</u>	<u>700</u>
Total	<u>316</u>	<u>2,130</u>

It is anticipated that the Authority's net assets will increase modestly in 2004. The Authority has added no new major programs or events to be funded in 2004.

CONTACTING THE AUTHORITY'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 Authority and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Shreveport Regional Sports Authority at 839 Kings Highway, Suite 200, Shreveport, Louisiana 71104.

SHREVEPORT REGIONAL SPORTS AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

<u>ASSETS</u>	2003		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-Type</u> <u>Activities</u>	
Cash-Note 2	27,093	-	27,093
Accounts receivable	67,500	11,419	78,919
Travel advances	-	-	-
Employee advances	8,480	-	8,480
Prepaid expenses	-	3,060	3,060
Due from other fund	442,626	-	442,626
Capital assets (net of accumulated depreciation)-Note 3	<u>8,189</u>	<u>-</u>	<u>8,189</u>
Total assets	553,888	14,479	568,367
 <u>LIABILITIES</u>			
Accounts payable - Note 9	2,872	369,132	372,004
Payroll liabilities	5,535	-	5,535
Deferred revenue	67,500	-	67,500
Due to other fund	-	<u>442,626</u>	<u>442,626</u>
Total liabilities	<u>75,907</u>	<u>811,758</u>	<u>887,665</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	8,189	-	8,189
Unrestricted	<u>469,792</u>	<u>(797,279)</u>	<u>(327,487)</u>
Total net assets	<u>477,981</u>	<u>(797,279)</u>	<u>(319,298)</u>

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Government activities:			
General government	<u>184,093</u>	<u>-</u>	<u>270,000</u>
Total governmental activities	<u>184,093</u>	<u>-</u>	<u>270,000</u>
Business-type activities:			
Sports events	<u>249,639</u>	<u>109,048</u>	<u>2,500</u>
Total business-type activities	<u>249,639</u>	<u>109,048</u>	<u>2,500</u>
Total primary government	<u>433,732</u>	<u>109,048</u>	<u>272,500</u>

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

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
	<u>85,907</u>	<u>-</u>	<u>85,907</u>
	85,907	-	85,907
	<u>-</u>	<u>(138,091)</u>	<u>(138,091)</u>
	-	(138,091)	(138,091)
	<u>85,907</u>	<u>(138,091)</u>	<u>(52,184)</u>
General Revenues:			
Unrestricted investment earnings	<u>30</u>	<u>-</u>	<u>30</u>
Total general revenues	30	-	30
Change in net assets	85,937	(138,091)	(52,154)
Net assets-beginning	<u>392,044</u>	<u>(659,188)</u>	<u>(267,144)</u>
Net assets-ending	<u>477,981</u>	<u>(797,279)</u>	<u>(319,298)</u>

SHREVEPORT REGIONAL SPORTS AUTHORITY

BALANCE SHEET-GOVERNMENTAL FUND

DECEMBER 31, 2003

<u>ASSETS</u>	<u>Governmental Funds</u>
Cash-Note 2	27,093
Accounts receivable	67,500
Travel advances	-
Employee advances	8,480
Due from other fund	<u>442,626</u>
Total assets	<u>545,699</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	2,872
Payroll liabilities	5,535
Deferred revenue	<u>67,500</u>
Total liabilities	75,907
Fund balances:	
Fund balance-unreserved and undesignated	<u>469,792</u>
Total fund equity	<u>469,792</u>
Total liabilities and fund balances	<u>545,699</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>8,189</u>
Net assets of governmental activities	<u>477,981</u>

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>
<u>Revenues:</u>	
Grants-City of Shreveport	270,000
Interest	<u>30</u>
Total revenues	270,030
<u>Expenditures:</u>	
Promotion of sports events:	
Dues	2,781
Insurance	14,981
Rent and utilities	18,720
Office supplies and postage	5,362
Capital outlay-Note 3	316
Telephone	7,469
Salaries and wages	99,826
Payroll taxes	8,316
Printing	84
Travel and promotion	4,455
Miscellaneous	1,132
Marketing	3,278
Professional services	11,939
Conferences	-
Total expenditures	<u>178,659</u>
<u>Excess of revenues over expenditures</u>	91,371
<u>Fund balance at beginning of period</u>	<u>378,421</u>
<u>Fund balance at end of period</u>	<u>469,792</u>
Amounts reported for governmental activities in the statements of activities are different because:	
Excess of revenues over expenditures	91,371
Governmental funds report capital outlays as expenditures. However, in the statements 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 expense exceeds capital outlays in the current period.	<u>(5,434)</u>
Change in net assets of governmental activities	<u>85,937</u>

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

GENERAL FUND

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

BUDGET AND ACTUAL-GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
	<u>(Unaudited)</u>		<u>(Unfavorable)</u>
<u>Revenues:</u>			
Grants-City of Shreveport	270,000	270,000	-
Interest	<u>-</u>	<u>30</u>	<u>30</u>
Total revenues	270,000	270,030	30
<u>Expenditures:</u>			
Promotion of sports events:			
Dues	2,000	2,781	(781)
Insurance	29,000	14,981	14,019
Rent and utilities	18,720	18,720	-
Office supplies and postage	7,500	5,362	2,138
Capital outlay-Note 3	1,500	316	1,184
Telephone	7,500	7,469	31
Salaries and wages	112,990	99,826	13,164
Payroll taxes	12,941	8,316	4,625
Printing	4,500	84	4,416
Secretarial service	100	-	100
Travel and promotion	12,500	4,455	8,045
Miscellaneous	6,105	1,132	4,973
Marketing	10,000	3,278	6,722
Professional services	14,500	11,939	2,561
Conferences	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>241,856</u>	<u>178,659</u>	<u>63,197</u>
<u>Excess of revenues over expenditures</u>	28,144	91,371	63,227
<u>Fund balance-beginning</u>	<u>378,421</u>	<u>378,421</u>	<u>-</u>
<u>Fund balance-ending</u>	<u>406,565</u>	<u>469,792</u>	<u>63,227</u>

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUND

DECEMBER 31, 2003

ASSETS

Cash-Note 2	-
Accounts receivable	11,419
Prepaid expenses	<u>3,060</u>
Total assets	14,479

LIABILITIES

Accounts payable	369,132
Deferred revenue	-
Due to other fund	<u>442,626</u>
Total liabilities	811,758

NET ASSETS

Unrestricted	<u>(797,279)</u>
Total net assets	<u>(797,279)</u>

Net assets of business-type activities (797,279)

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

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

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Sponsorships	35,445
Ticket sales	55,927
Novelty sales	-
Entry fees	16,414
Rents and signage	-
Service fees and other	1,262
Donations	<u>2,500</u>
Total revenues	111,548

Expenses:

Bad debt expense	34,294
Bid fees	66,500
Event services and supplies	12,463
Game officials	1,220
Guarantee fees	78,670
Insurance	2,745
Marketing and promotional	(8,078)
Postage and printing	4,260
Rent	17,686
Security	8,065
Telephone	709
Meals and catering	23,205
Travel and other	<u>7,900</u>
Total expenses	<u>249,639</u>

Change in net assets (138,091)

Total net assets-beginning (659,188)

Total net assets-ending (797,279)

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Cash flows from operating activities:</u>	
Change in net assets	(138,091)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Decrease in accounts receivable	54,200
(Increase) in prepaid expenses	(1,560)
(Decrease) in accounts payable	(51,973)
(Decrease) in deferred revenue	(4,000)
Increase in due to other fund	<u>141,399</u>
Net cash (used) by operating activities	(25)
<u>Cash at beginning of year</u>	<u>25</u>
<u>Cash at end of year</u>	<u><u>-</u></u>

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

SHREVEPORT REGIONAL SPORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

INTRODUCTION

The Shreveport Regional Sports Authority was incorporated on June 17, 1996 as a nonprofit economic development corporation under La. R.S. 33:9020 to promote the City of Shreveport and Northwest Louisiana as a tourist destination by attracting and underwriting professional and amateur sporting events. Operations began in October 1996. The Authority is governed by a board of directors consisting of 9 members, all of whom are appointed by the Mayor of Shreveport and confirmed by a majority of the Shreveport City Council. Members serve six-year terms and receive no compensation for their services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Shreveport Regional Sports Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

In January 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Authority's activities.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The Authority was required to implement the general provisions of the Statement in the year ended December 31, 2002.

B. REPORTING ENTITY

GASB Statement No. 14 establishes criteria for determining which component units should be considered part of the City of Shreveport for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Shreveport appoints all members of the governing board and has the ability to impose its will on them, the Authority was determined to be a component unit of the City of Shreveport, and reports its financial information under governmental accounting principles. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment income and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. The Authority reports one governmental fund-the general fund-and one proprietary fund.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following in its proprietary fund:

The *proprietary fund* records revenues earned, resources provided for, and expenses incurred attracting and underwriting professional and amateur sporting events.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

Revenues

Grants from other governments are recorded as revenues in the general fund as they become measurable and available, as is interest income. Revenues are recorded as they are earned in the enterprise fund.

Expenditures

Expenditures in the general fund are generally recognized when the fund liability is incurred, as are those in the enterprise fund.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources. Debt proceeds are accounted for as other financing sources.

E. BUDGETS

The budget for the ensuing year is prepared by Authority personnel prior to December 31 of each year. The budget is then made available for public inspection at least fifteen days prior to the budget's adoption during the Authority's regular December meeting. The budget is prepared on the modified accrual basis of accounting, and is legally adopted and amended, if necessary, by the Board of Directors. Unexpended appropriations lapse at year end and must be reappropriated in the following year's budget to be expended. Budget amounts included in the accompanying financial statements include the original adopted budget and any subsequent amendments.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Authority deposits funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, obligations of the United States of America or its agencies, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are carried at estimated fair value.

G. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost. Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Computer equipment	3 years
Office furniture	5 years

H. USE OF ESTIMATES

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

I. PREPAID EXPENSES AND INVENTORIES

The Authority has elected to expense currently amounts paid in the general fund for future services, such as insurance and office supplies.

2. **CASH**

At December 31, 2003, the Authority has cash (book balances) in demand deposits that total \$27,093. These deposits are stated at cost, which approximates market value. All deposits are fully protected by FDIC insurance.

3. **CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2003</u>
Office furniture and equipment	25,117	316	-	25,433
Weight lifting equipment	<u>3,568</u>	-	-	<u>3,568</u>
	<u>28,685</u>	<u>316</u>	<u>-</u>	<u>29,001</u>

4. LITIGATION AND CLAIMS

At December 31, 2003, the Authority was not involved in any material litigation or aware of any material claims.

5. COMPENSATED ABSENCES

Employees generally accrue annual leave under the following schedule:

<u>Length of Service</u>	<u>Annual Leave Accrual</u>
Less than one year	.42 days per month
From one to three years	Two weeks per year
From four to five years	Three weeks per year
From six to ten years	Four weeks per year
Eleven years or more	Five weeks per year

Unused annual leave may not be carried forward to the succeeding fiscal year.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past two years.

7. LEASE COMMITMENTS

The Authority has entered into two operating leases for office space and equipment. Rent expenditures totaled \$21,832 for the year ended December 31, 2003. Future minimum lease payments are as follows:

2004	21,125
2005	21,125
2006	2,405
2007	2,405
2008	<u>2,405</u>
Total future minimum lease amounts	<u>49,465</u>

8. BUDGET VARIANCE

During 2003, the Authority experienced several significant variances from budgeted amounts as shown on Page 11. Overall, the Authority experienced a positive variance in excess of revenues over expenditures. This positive variance was due primarily to insurance expense and salaries and wages. Insurance is under budget due to the elimination of workers compensation insurance in 2001 related to the four-year contract with the USA Weightlifting Development Center and the reduction of events hosted by the Shreveport Regional Sports Authority. The insurance budget has not been revised since 2001 due to the Authority's insurance representatives advising that insurance costs will continue to rise in future years due to September 11, 2001. Salaries and wages were under budget due to a full-time employee who was terminated and not replaced. This full-time employee also received insurance benefits and when the employee was

8. BUDGET VARIANCE (Continued)

terminated, health and dental insurance was discontinued which contributed to additional decrease in insurance. Directly related to salaries and wages and also under budget are payroll taxes. Secretarial services are under budget due to the Authority not hiring any additional staff through temporary employment services but rather utilizing existing permanent staff. Professional services was under budget due to a decrease in legal fees. In 2002, the Shreveport Regional Sports Authority had additional legal fees due to a facility contract dispute related to an event. The dispute was settled in 2002. Other expenses with a favorable variance due to conscious expense reduction include office supplies and postage, capital outlay, printing, travel and promotion, marketing, conferences, and miscellaneous expenditures. Dues are over budget due to memberships in an increased number of area organizations.

9. COMMITMENTS AND CONTINGENCIES

In an effort to reduce accounts payable related to prior year events, the Authority has agreed to payment plans with several vendors. As of December 31, 2003, future payments are as follows:

2004	139,200
2005	105,000
2006	50,000
2007	47,440
2008	21,265
2009 and thereafter	<u>5,000</u>
Total future payments	<u>367,905</u>

10. GOING CONCERN

As indicated in the accompanying financial statements, the Authority has experienced recurring losses in the Proprietary Fund resulting in a total net asset deficiency of (\$319,298) at December 31, 2003. In addition, accounts payable has risen to \$372,004 at December 31, 2003 with only \$27,093 in cash and accounts receivable available to satisfy these obligations. The effect of these conditions and events is possible inability to satisfy current obligations or to attract new events and generate revenues for the Authority. Management is very concerned about the financial position of the Authority. Management's plans include seeking a cooperative endeavor agreement with the Shreveport-Bossier Convention and Tourist Bureau and other sources, working out payment plans with creditors, and discontinuing all events requiring a guarantee fee. The ability of the Authority to continue as a going concern is dependent upon the success of these plans. The financial statements do not include any adjustments that might be necessary if the Authority is unable to continue as a going concern.

OTHER REPORTS

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May 26, 2004

Board of Directors
Shreveport Regional Sports Authority
Shreveport, Louisiana

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

We have audited the component unit financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 26, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Authority's component unit 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 the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit 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.

This report is intended solely for the information and use of the board of directors, management, and City of Shreveport, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, M^E Elroy & Vestal, LLP

SHREVEPORT REGIONAL SPORTS AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

We have audited the component unit financial statements of Shreveport Regional Sports Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the component unit financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I-Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weaknesses or reportable conditions were noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - Not Applicable

c. Identification of Major Programs - Not Applicable

Section II-Financial Statement Findings

No matters were reported.

SHREVEPORT REGIONAL SPORTS AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2003

Section I-Financial Statement Findings

Not applicable - no prior year findings.

Section II-Federal Award Findings

Not applicable - no prior year findings.

Section III-Management Letter

Not applicable - no prior year findings.