

Shreveport-Bossier Convention and Tourist Bureau**Financial Statements****As of and For the Year Ended December 31, 2006**

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.

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Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion and Analysis	2 – 7
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to the Financial Statements	13 – 19
Required Supplementary Information	
Budgetary Comparison Schedule	20
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	21 – 22
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	23
Corrective Action Plan For Current Year Audit Findings	23

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Independent Auditors' Report

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

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, 2006, which collectively comprise the basic financial statements as listed in the table of contents. 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 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 basic 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 audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2006, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 – 7 and on page 20, 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 required supplementary information. However, we did not audit the information and express no opinion on it.



Cook & Morehart
Certified Public Accountants
May 15, 2007

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, 2006. Please read it in conjunction with the Bureau's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Shreveport-Bossier Convention and Tourist Bureau's net assets increased by \$347,337 or 16.33%.

The Shreveport-Bossier Convention and Tourist Bureau's total general and program revenues were \$3,400,351 in 2006 compared to \$3,015,837 in 2005.

During the year ended December 31, 2006, the Shreveport-Bossier Convention and Tourist Bureau had total expenses, excluding depreciation, of \$2,986,667.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) 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 10. 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 8. 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 Assets 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 assets* and changes in them. You can think of the Shreveport-Bossier Convention and Tourist Bureau's net assets – 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 assets are 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 Assets 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 10. The fund financial statements begin on page 10 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 Assets 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 assets changed from a year ago, increasing from \$2,126,975 to \$2,474,312.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 1,786,788	\$ 1,761,271
Capital assets	<u>734,366</u>	<u>443,883</u>
Total assets	<u>2,521,154</u>	<u>2,205,154</u>
Current liabilities	<u>46,842</u>	<u>78,179</u>
Total liabilities	<u>46,842</u>	<u>78,179</u>
Net assets:		
Investments in capital assets	734,366	443,883
Unrestricted	<u>1,739,946</u>	<u>1,683,092</u>
Total net assets	<u>\$ 2,474,312</u>	<u>\$ 2,126,975</u>

Net assets of the Shreveport-Bossier Convention and Tourist Bureau's governmental activities increased by \$526,602 or 32.90% for the year ended December 31, 2005 and by \$347,337 or 16.33% for the year ended December 31, 2006. The Bureau has no restrictions on its net assets.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program revenues		
Intergovernmental grants—		
contributions	\$ 71,500	\$ 60,000
General revenues		
Occupancy taxes	3,249,613	2,905,931
Miscellaneous revenues	7,990	8,378
Interest income	<u>71,248</u>	<u>41,528</u>
Total revenues	<u>3,400,351</u>	<u>3,015,837</u>
Expenses		
Convention	591,152	498,331
Tourism	908,157	781,533
Communications	1,112,808	820,432
Administrative	<u>440,897</u>	<u>388,939</u>
Total expenses	<u>3,053,014</u>	<u>2,489,235</u>
Increases in net assets	<u>\$ 347,337</u>	<u>\$ 526,602</u>

Total revenues increased \$384,514 (13%) from total revenues in the year ended December 31, 2005 of \$3,015,837 to total revenues of \$3,400,351 in the year ended December 31, 2006.

A large part of the increase was due to an increase in the occupancy taxes assessed and occupancy rates in the service area.

THE BUREAU'S FUNDS

As the District completed the year ended December 31, 2006, its governmental fund (as presented in the balance sheet on page 10) reported a fund balance of \$1,739,946, which is higher than last year's fund balance of \$1,683,092. The primary reason for the excess is due to an increase in the occupancy taxes assessed.

General Fund Budgetary Highlights

The Bureau adopted a budget for its General Fund for the year ended December 31, 2006. There was one amendment to the budget during the year which was amended to budget the purchase of real estate for \$338,000. The Bureau's budgetary comparison is presented as required supplementary information and shown on page 20. Highlights for the year are as follows:

- Revenues received were in excess of budgeted amounts due to increased assessed occupancy taxes.
- Expenditures for capital outlay reflect the purchase of real estate.

CAPITAL ASSETS

Capital Assets

At the end of December 31, 2006, the Shreveport-Bossier Convention and Tourist Bureau had invested \$734,366 in capital assets compared to 443,883 at December 31, 2005. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Construction in progress	\$ 14,945	\$ —
Land	339,000	1,000
Buildings and improvements	322,220	349,450
Furniture and fixtures	9,798	16,670
Equipment	30,107	46,000
Vehicles	<u>18,296</u>	<u>30,763</u>
Total	<u>\$ 734,366</u>	<u>\$ 443,883</u>

Major additions included:

Vehicle	\$ —	\$ 22,515
Computer equipment	—	21,515
Construction in progress	14,945	—
Improvements- Bossier Visitor Center		6,350
Land	338,000	1,000
Other equipment	<u>3,885</u>	<u>4,085</u>
Total	<u>\$ 356,830</u>	<u>\$ 55,465</u>

More detailed information about the capital assets are presented in Note 3 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, 2007 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same. The expenditures for 2007 will be substantially the same as 2006 except for budgeting for the construction of building improvements in the amount of \$550,000.

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 Assets
December 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,545,586
Accounts receivable - occupancy tax	241,202
Capital assets (net)	<u>734,366</u>
Total assets	<u>2,521,154</u>
LIABILITIES	
Accounts payable	37,876
Accrued expenses	<u>8,966</u>
Total liabilities	<u>46,842</u>
NET ASSETS	
Investment in capital assets	734,366
Unrestricted	<u>1,739,946</u>
Total net assets	<u>\$ 2,474,312</u>

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, 2006

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Functions / Programs:</u>			
Governmental Activities			
Convention	\$ 591,152	\$ -	\$ (591,152)
Tourism	908,157	71,500	(836,657)
Communication	1,112,808		(1,112,808)
Administrative	440,897		(440,897)
Total governmental activities	<u>3,053,014</u>	<u>71,500</u>	<u>(2,981,514)</u>
General revenues:			
Occupancy taxes			3,249,613
Interest income			71,248
Miscellaneous			7,990
Total general revenues			<u>3,328,851</u>
Change in net assets			347,337
Net assets - beginning			2,126,975
Net assets - ending			<u>\$ 2,474,312</u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Balance Sheet
Governmental Fund
December 31, 2006

	<u>General Fund</u>
Assets	
Cash	\$ 1,545,586
Account receivable - occupancy tax	<u>241,202</u>
Total assets	<u>\$ 1,786,788</u>
Liabilities	
Accounts payable	\$ 37,876
Accrued expenses	<u>8,966</u>
Total liabilities	<u>46,842</u>
Fund balances	
Unreserved - undesignated	528,895
Unreserved - designated for subsequent years' expenditures	<u>1,211,051</u>
Total fund balance	<u>1,739,946</u>
 Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.	<u>734,366</u>
Net assets of governmental activities	<u>\$ 2,474,312</u>

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, 2006

	General Fund
Revenues	
Occupancy taxes	\$ 3,249,613
Intergovernmental revenues	71,500
Other income	7,990
Interest income	71,248
	<hr/>
Total revenues	3,400,351
	<hr/>
Expenditures	
Current	
Convention	574,565
Tourism	891,570
Communication	1,096,221
Administrative and general	424,311
	<hr/>
Capital outlay	356,830
	<hr/>
Total expenditures	3,343,497
	<hr/>
Excess of revenues over (under) expenditures	56,854
	<hr/>
Fund balance at beginning of year	1,683,092
	<hr/>
Fund balance at end of year	\$ 1,739,946
	<hr/> <hr/>

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, 2006**

Net change in fund balance - total governmental fund	\$ 56,854
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**Amounts reported for governmental activities in the statement of activities
are different because:**

**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 capital outlay (\$356,830) exceeded
depreciation (\$66,347) in the current period.**

290,483
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Change in net assets of governmental activities
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\$ 347,337
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The accompanying notes are an integral part of this statement.

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2006

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). Prior to January 1, 2001, the Bureau operated as a non-profit organization.

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, 2006
(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 Assets, 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 assets are reported in two parts – invested in capital assets, and unrestricted net assets.

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 and operating grants from other local governments. 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 Statement No. 34 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, 2006
(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) Submits budget to the Caddo Parish Commission, Bossier Parish Police Jury, City of Shreveport, and the City of Bossier City for approval.
- (3) 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.
- (4) 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. One budget revision was made during the year ended December 31, 2006.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2006
(Continued)

- (5) All budgetary appropriations lapse at the end of each fiscal year.
- (6) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

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	5 – 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.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2006
(Continued)

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.

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.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Bureau through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Bureau's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(2) Cash and Cash Equivalents

At December 31, 2006, the Bureau has cash and cash equivalents (book balances) totaling \$1,545,586 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, 2006, the Bureau's collected bank balances were secured from credit risk by \$115,753 of federal deposit insurance. The remaining \$1,581,159 was exposed to custodial credit as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department in the Bureau's name.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2006
(Continued)

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.

(3) Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance at Jan. 1, 2006	Additions	Deletions	Balance at Dec. 31, 2006
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ 338,000	\$ —	\$ 339,000
Construction in progress	—	14,945	—	14,945
Capital assets, being depreciated:				
Buildings and improvements	625,935	—	(7,992)	\$ 617,943
Furniture and fixtures	62,757	—	(7,687)	55,070
Equipment	261,173	3,885	(81,340)	183,718
Vehicles	136,688	—	—	136,688
Total capital assets, being depreciated at historical cost	1,086,553	3,885	(97,019)	993,419
Less accumulated depreciation:				
Buildings and improvements	(276,485)	(27,230)	7,992	(295,723)
Furniture and fixtures	(48,087)	(6,872)	7,687	(45,272)
Equipment	(215,173)	(19,778)	81,340	(153,611)
Vehicles	(105,925)	(12,467)	—	(118,392)
Total accumulated depreciation	(643,670)	(66,347)	97,019	(612,998)
Total capital assets, being depreciated, net	442,883	(62,462)	—	380,421
Governmental activities capital assets, net	\$ 443,883	\$ 290,483	\$ —	\$ 734,366

Depreciation expense for the year ended December 31, 2006, was \$66,347. Depreciation expense was charged to the following governmental activities:

Convention	\$ 16,587
Tourism	16,587
Communication	16,587
Administrative	16,586
	<u>\$ 66,347</u>

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2006
(Continued)

(4) Pension Retirement Plan

The Bureau established a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, and a Governmental 401(a) Money Purchase Plan. GASB No. 32 requires governments to report Section 457 plans as expendable trust funds if they meet the requirements of NCGA Statement No. 1. The Bureau's Section 457 Plan does not meet this criteria; therefore the plan's assets and liabilities are not presented in the financial statements of the Bureau. The Bureau's contribution to the Plan for the year ended December 31, 2006 was \$70,457.

(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, 2006, the Bureau had non-cancelable operating leases for various equipment.

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

2007	\$ 22,841
2008	10,359
2009	<u>5,134</u>
	<u>\$ 38,334</u>

Total rental expenditures under operating leases for the year ended December 31, 2006, was \$41,036.

(7) 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.

(8) Unreserved-Designated Fund Balance

The amount shown as designated fund balance is designated for subsequent years' expenditures as follows:

Special Marketing	\$ 95,000
Shreveport Convention Center Marketing	277,522
Bossier City Convention Marketing	88,529
Capital assets and reserves	200,000
Capital outlay building project	<u>550,000</u>
	<u>\$ 1,211,051</u>

Shreveport - Bossier Convention and Tourist Bureau
Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive(Negative)</u>
Revenues				
Occupancy taxes	\$ 2,747,066	\$ 2,747,066	\$ 3,249,613	\$ 502,547
Intergovernmental revenues	57,500	57,500	71,500	14,000
Other income	7,600	7,600	7,990	390
Interest income	25,000	25,000	71,248	46,248
Total revenues	<u>2,837,166</u>	<u>2,837,166</u>	<u>3,400,351</u>	<u>563,185</u>
Expenditures				
Current:				
Convention	614,471	614,471	574,565	39,906
Tourism	802,605	802,605	891,570	(88,965)
Communication	1,706,496	1,706,496	1,096,221	610,275
Administrative and general	409,089	409,089	424,311	(15,222)
Capital outlay	54,000	393,000	356,830	36,170
Total expenditures	<u>3,586,661</u>	<u>3,925,661</u>	<u>3,343,497</u>	<u>582,164</u>
Excess of revenues over (under) expenditures	<u>(749,495)</u>	<u>(1,088,495)</u>	<u>56,854</u>	<u>1,145,349</u>
Fund balance at beginning of year	<u>1,247,157</u>	<u>1,247,157</u>	<u>1,683,092</u>	<u>435,935</u>
Fund balance at end of year	<u>\$ 497,662</u>	<u>\$ 158,662</u>	<u>\$ 1,739,946</u>	<u>\$ 1,581,284</u>

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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

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

We have audited 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, 2006, and have issued our report thereon dated May 15, 2007, which collectively comprise the basic financial statements. 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.

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 as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Shreveport-Bossier Convention and Tourist Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Shreveport-Bossier Convention and Tourist Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Shreveport-Bossier Convention and Tourist Bureau's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Shreveport-Bossier Convention and Tourist Bureau's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
May 15, 2007

Shreveport-Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
December 31, 2006

There were no findings and one management letter comment for the prior year audit for the year ended December 31, 2005.

Comment #1: Credit Card Procedures

No comment in December 31, 2006 audit report.

Shreveport-Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Audit Findings
December 31, 2006

There were no findings or management letter comments for the current year audit for the year ended December 31, 2006.