

Shreveport-Bossier Convention and Tourist Bureau

Financial Statements

As of and For the Year Ended December 31, 2011

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana

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Independent Auditors' Report

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

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, 2011, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2011, 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 June 21, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 8 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Cook & Morehart
Certified Public Accountants
June 21, 2012

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, 2011. Please read it in conjunction with the Bureau’s financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Shreveport–Bossier Convention and Tourist Bureau’s net assets increased by \$541,192 or 11%.

The Shreveport–Bossier Convention and Tourist Bureau’s total general and program revenues were \$5,331,449 in 2011 compared to \$5,541,452 in 2010.

During the year ended December 31, 2011, the Shreveport–Bossier Convention and Tourist Bureau had total expenses, excluding depreciation, of \$4,658,092.

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 9 and 10) provide information about the activities of the Shreveport–Bossier Convention and Tourist Bureau as a whole and present a longer-term view of the Bureau’s finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Shreveport–Bossier Convention and Tourist Bureau’s operations in more detail than the government–wide statements by providing information about the Shreveport–Bossier Convention and Tourist Bureau’s most significant funds.

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

Our analysis of the Shreveport–Bossier Convention and Tourist Bureau as a whole begins on page 9. One of the most important questions asked about the Shreveport–Bossier Convention and Tourist Bureau’s finances is “Is the Shreveport–Bossier Convention and Tourist Bureau as a whole better off or worse off as a result of the year’s activities?” The Statement of Net 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 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Shreveport–Bossier Convention and Tourist Bureau – not the Shreveport–Bossier Convention and Tourist Bureau as a whole. The Shreveport–Bossier Convention and Tourist Bureau’s *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Shreveport–Bossier Convention and Tourist Bureau’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Shreveport–Bossier Convention and Tourist Bureau’s general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Shreveport–Bossier Convention and Tourist Bureau expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net 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 \$4,900,050 to \$5,441,242.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$3,610,051	\$ 3,305,729
Capital assets	3,178,871	3,267,593
Total assets	<u>\$6,788,922</u>	<u>\$ 6,573,322</u>
Current liabilities	142,680	388,272
Long-term liabilities	1,205,000	1,285,000
Total liabilities	<u>1,347,680</u>	<u>1,673,272</u>
Net assets:		
Investment in capital assets	1,973,871	1,982,593
Restricted for tourism	124,239	
Unrestricted	3,343,132	2,917,457
Total net assets	<u>\$5,441,242</u>	<u>\$ 4,900,050</u>

Net assets of the Shreveport–Bossier Convention and Tourist Bureau’s governmental activities increased by \$541,192 or 11.04% for the year ended December 31, 2011 and by \$415,427 or 11.17% for the year ended December 31, 2010. The Bureau has no restrictions on its net assets.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues		
Intergovernmental grants - contributions	\$ 594,277	\$ 404,864
General revenue		
Occupancy tax	4,725,098	5,096,178
Miscellaneous revenues	4,809	33,634
Interest income	7,265	6,776
Total revenues	<u>\$ 5,331,449</u>	<u>\$ 5,541,452</u>
Expenses		
Convention	771,003	784,385
Tourism	1,269,587	1,206,484
Communications	2,073,215	2,121,156
Administrative	620,355	605,385
Interest on long-term debt	56,097	59,526
Total expenses	<u>4,790,257</u>	<u>4,776,936</u>
Increases in net assets	<u>\$ 541,192</u>	<u>\$ 764,516</u>

Total revenues decreased \$210,003 (3.79%) from total revenues in the year ended December 31, 2010 of \$5,541,452 to total revenues of \$5,331,449 in the year ended December 31, 2011.

The increase was due to a decrease 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, 2011, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$3,456,739, which is higher than last year's fund balance of \$2,905,708. The primary reason for the increase is due to expenditures being less than revenues.

General Fund Budgetary Highlights

The Bureau adopted a budget for its General Fund for the year ended December 31, 2011. There were no amendments to the budget during the year. The Bureau's budgetary comparison is presented as required supplementary information and shown on page 25.

Highlights for the year are as follows:

- Revenues received were in excess of budgeted amounts due to increased assessed occupancy taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2011, the Shreveport–Bossier Convention and Tourist Bureau had invested \$3,178,871 in capital assets compared to \$3,267,593 at December 31, 2010. (see table 3 below)

Table 3
Capital Assets at Year End
(Net Depreciation)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 339,000	\$ 339,000
Buildings and improvements	2,751,708	2,862,839
Furniture and fixtures	20,453	26,528
Equipment	13,762	7,263
Vehicles	53,948	31,963
Total assets	<u>\$3,178,871</u>	<u>\$3,267,593</u>

Major additions included:

Furniture		\$ 12,219
Equipment	\$ 8,365	
Vehicle	39,069	16,262
Construction in progress		422,192
Total	<u>\$ 47,434</u>	<u>\$ 450,673</u>

More detailed information about the capital assets are presented in Note 3 to the financial statements.

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenue bonds	<u>\$ 1,205,000</u>	<u>\$ 1,285,000</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Shreveport–Bossier Convention and Tourist Bureau’s management considered many factors when setting a fiscal year December 31, 2011 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same.

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, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,225,735
Accounts receivable - occupancy tax	278,384
Accounts receivable - grants	90,882
Deferred bond issue cost	15,050
Land	339,000
Capital assets (net)	2,839,871
Total assets	6,788,922
LIABILITIES	
Accounts payable	126,213
Accrued expenses	16,467
Long-term liabilities	
Due within one year-bonds payable	85,000
Due in more than one year-bonds payable	1,120,000
Total liabilities	1,347,680
NET ASSETS	
Investment in capital assets, net of related debt	1,973,871
Restricted for tourism projects	124,239
Unrestricted	3,343,132
Total net assets	\$ 5,441,242

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, 2011

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Functions / Programs:</u>		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
Convention	\$ 771,003	\$ -	\$ (771,003)
Tourism	1,269,587	594,277	(675,310)
Communication	2,073,215		(2,073,215)
Administrative	620,355		(620,355)
Interest on long-term debt	56,097		(56,097)
Total governmental activities	<u>4,790,257</u>	<u>594,277</u>	<u>(4,195,980)</u>
General revenues:			
Occupancy taxes			4,725,098
Interest income			7,265
Miscellaneous			4,809
Total general revenues			<u>4,737,172</u>
Change in net assets			541,192
Net assets - beginning			4,900,050
Net assets - ending			<u><u>\$ 5,441,242</u></u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Balance Sheet
Governmental Fund
December 31, 2011

	General Fund
Assets	
Cash	\$ 3,225,735
Account receivable:	
Occupancy tax	278,384
Grants	90,882
Total assets	\$ 3,595,001
Liabilities	
Accounts payable	\$ 126,213
Accrued expenses	12,049
Total liabilities	138,262
Fund balances	
Restricted	124,239
Committed	435,469
Assigned	800,000
Unassigned	2,097,031
Total fund balance	3,456,739

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

Deferred bond issuance costs are capitalized and amortized over the life of the bond issue for the government-wide statements, but are reported as expenditures in the governmental funds.	15,050
Long-term liabilities, including bonds payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds.	(1,209,418)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,178,871
Net assets of governmental activities	\$ 5,441,242

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, 2011

	General Fund
Revenues	
Occupancy taxes	\$ 4,725,098
Intergovernmental revenues	594,277
Other income	4,809
Interest income	7,265
Total revenues	5,331,449
Expenditures	
Current	
Convention	737,962
Tourism	1,236,546
Communication	2,040,174
Administrative and general	587,313
Capital outlay	43,443
Debt service:	
Principal	80,000
Interest	54,980
Total expenditures	4,780,418
Excess (deficiency) of revenues over expenditures	551,031
Fund balance at beginning of year	2,905,708
Fund balance at end of year	\$ 3,456,739

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, 2011

Net change in fund balance - total governmental fund	\$	551,031
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$132,165) exceeded capital outlay (\$43,443) in the current period.</p>		(88,722)
<p>The repayment of principal of long-term debt consumes current financial resources of governmental funds.</p>		80,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.</p>		294
<p>Governmental funds report the effect of issuance cost when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for amortization of bond issue costs.</p>		(1,411)
		541,192
Change in net assets of governmental activities	\$	541,192

The accompanying notes are an integral part of this statement.

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011

INTRODUCTION

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

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

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

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

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Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(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 three parts – invested in capital assets net of related debt, restricted net 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 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, 2011
(Continued)

E. Basis of Accounting

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

1. Accrual:

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

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

2. Modified Accrual:

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

F. Budgets

The Bureau uses the following budget practices:

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

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

G. Cash, Cash Equivalents, and Investments

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

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

H. Capital Assets

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

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

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

I. Compensated Absences

The Bureau has the following policy relating to vacation leave:

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

J. Occupancy Tax Revenue

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

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

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

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.

M. Deferred Bond Issuance Cost

In conjunction with the issuance of revenue bonds for the purpose of construction and improving facilities, bond issuance costs were incurred. These costs are capitalized in the government-wide financial statements and amortized on a straight line basis over the term of the new bond issue. Included in interest expense for the year ended December 31, 2011 was amortization of \$1,411.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

(Continued)

Shreveport--Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

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

O. Fund Balance

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

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

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

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(2) Cash and Cash Equivalents

At December 31, 2011, the Bureau has cash and cash equivalents (book balances) totaling \$3,225,735 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, 2011, the Bureau's collected bank balances were secured from credit risk by \$311,059 of federal deposit insurance. The remaining \$3,161,990 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*.

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

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(3) Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance at Jan. 1, 2011	Additions	Deletions	Balance at Dec. 1, 2011
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 339,000	\$	\$	\$ 339,000
Capital assets, being depreciated:				
Buildings and improvements	3,293,088			3,293,088
Furniture and fixtures	70,096			70,096
Equipment	74,506	8,365	(9,205)	73,666
Vehicles	115,232	39,069	(42,471)	111,830
Total capital assets, being depreciated at historical cost	<u>3,552,922</u>	<u>47,434</u>	<u>(51,676)</u>	<u>3,548,680</u>
Less accumulated depreciation:				
Buildings and improvements	(430,249)	(111,131)		(541,380)
Furniture and fixtures	(43,568)	(6,075)		(49,643)
Equipment	(67,243)	(1,866)	9,205	(59,904)
Vehicles	(83,269)	(13,093)	38,480	(57,882)
Total accumulated depreciation	<u>(624,329)</u>	<u>(132,165)</u>	<u>47,685</u>	<u>(708,809)</u>
Total capital assets, being depreciated, net	<u>2,928,593</u>	<u>(84,731)</u>	<u>(3,991)</u>	<u>2,839,871</u>
Governmental activities capital assets, net	<u>\$ 3,267,593</u>	<u>\$ (84,731)</u>	<u>\$ (3,991)</u>	<u>\$ 3,178,871</u>

Depreciation expense for the year ended December 31, 2011, was \$132,165. Depreciation expense was charged to the following governmental activities:

Convention	\$ 33,041
Tourism	33,041
Communications	33,041
Administrative	33,042
	<u>\$ 132,165</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(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, 2011 was \$69,558.

(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, 2011, the Bureau had non-cancelable operating leases for various equipment.

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

2012		\$	11,962
2013			<u>2,013</u>
			<u>\$ 13,975</u>

Total rental expenditures under operating leases for the year ended December 31, 2011, was \$30,931.

(7) Fund Balance Classifications

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

Fund balances:			
Restricted			
Tourism projects		\$	124,239
Committed			
Marketing			335,469
Capital projects			100,000
Assigned			
Subsequent tourism operations			800,000
Unassigned			
			<u>2,097,031</u>
			<u>\$ 3,456,739</u>

(8) Subsequent Events

Subsequent events have been evaluated through June 21, 2012, the date the financial statements were available to be issued.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(9) Long-Term Debt

At December 31, 2011, long-term debt consisted of the following:

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

\$ 1,205,000

Changes in long-term debt for the year ended December 31, 2011 are summarized below:

	<u>Balance</u> <u>12-31-10</u>	<u>Issues</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-11</u>	<u>Amount Due</u> <u>within One Year</u>
Bonds payable	\$ 1,285,000	\$ -	\$ 80,000	\$ 1,205,000	\$ 85,000

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

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 85,000	\$ 51,150	\$ 136,150
2013	90,000	47,300	137,300
2014	95,000	43,230	138,230
2015	95,000	39,050	134,050
2016	100,000	34,760	134,760
2017–2021	600,000	95,920	695,920
2022	<u>140,000</u>	<u>6,160</u>	<u>146,160</u>
	<u>\$ 1,205,000</u>	<u>\$ 317,570</u>	<u>\$ 1,522,570</u>

(10) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2011 consisted of regular trade payables.

Accrued expenses at December 31, 2011 consisted of the following:

Compensated absences	<u>\$ 12,049</u>
Total fund statements	12,049
Accrued interest payable	<u>4,418</u>
Total government-wide financial statements	<u>\$ 16,467</u>

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(11) New Accounting Standard

Effective January 1, 2011, the Bureau implemented GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions". The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the Bureau's financial statements changed as a result of implementing this Statement.

Shreveport - Bossier Convention and Tourist Bureau
Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2011

	Original & Final Budget	Actual	Variance With Final Budget Positive(Negative)
Revenues			
Occupancy taxes	\$ 4,504,026	\$ 4,725,098	\$ 221,072
Intergovernmental revenues	689,587	594,277	(95,310)
Other income	5,100	4,809	(291)
Interest income	1,500	7,265	5,765
Total revenues	5,200,213	5,331,449	131,236
Expenditures			
Current:			
Convention	989,171	737,962	251,209
Tourism	1,688,431	1,236,546	451,885
Communication	2,104,092	2,040,174	63,918
Administrative and general	615,623	587,313	28,310
Capital outlay	57,000	43,443	13,557
Debt service	136,540	134,980	1,560
Total expenditures	5,590,857	4,780,418	810,439
Excess (deficiency) of revenues over expenditures	(390,644)	551,031	941,675
Fund balance at beginning of year	2,388,205	2,905,708	517,503
Fund balance at end of year	\$ 1,997,561	\$ 3,456,739	\$ 1,459,178

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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, 2011, and have issued our report thereon dated June 21, 2012, 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

Management of the Shreveport–Bossier Convention and Tourist Bureau is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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
June 21, 2012

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
December 31, 2011

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2010.

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Audit Findings
December 31, 2011

There are no findings or management letter comments for the current year audit for the year ended December 31, 2011.