

**Downtown Development Authority
Shreveport, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2013

Downtown Development Authority
Shreveport, Louisiana

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Independent Auditors' Report

Downtown Development Authority
Shreveport, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of Downtown Development Authority, a component unit of the City of Shreveport, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Downtown Development Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Downtown Development Authority as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 7 and on pages 25 - 26, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of Downtown Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Downtown Development Authority's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 20, 2014

DOWNTOWN DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF SHREVEPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Our discussion and analysis of Downtown Development Authority's (DDA) financial performance provides an overview of DDA's financial activities for the year ended December 31, 2013. Please read this in conjunction with our financial statements which begin on page 8.

Financial Highlights

- The DDA's net assets decreased as a result of this year's operations. As shown in the Statement of Activities, net assets decreased \$87,937 or approximately 4 percent compared to prior year.
- The DDA's total revenues decreased \$298,562 or approximately 16 percent when compared to prior year.
- Administrative and program expenditures totaled \$1,633,865 for 2013 or approximately 10 percent greater than prior year.

These changes are discussed in detail in the following paragraphs.

Using this Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the DDA as a whole and present a long-term view of the DDA's finances. The fund financial statements, which include the Balance Sheet-Government Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, detail how services were financed in the short term as well as what remains for future spending.

The Statement of Net Assets and the Statement of Activities

Our analysis of the DDA as a whole is shown at the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the DDA's finances is, "Is the DDA as a whole better or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the DDA 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 method used by most private sector companies. All 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 DDA's net position and associated changes in them. One can think of the DDA's net position, the difference between assets and liabilities, as one way to measure the DDA's financial health, or financial position. Over time, increases or decreases in the DDA's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other factors, however, such as changes in the DDA's property tax base, to assess the overall health of the DDA.

In the Statement of Net Position and the Statement of Activities all of the DDA's functions and programs are reported as governmental activities. Property taxes, grants and contracts with the City of Shreveport finance these activities. The DDA does not have business-type activities or component units.

Fund Financial Statements

The fund financial statements include the Balance Sheet-Government Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds and provide detailed information about the DDA's government funds. Government funds 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 DDA's government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the DDA's programs. The differences between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds are described in a reconciliation at the bottom of the fund financial statements.

The DDA has no proprietary (business-type) funds. For purposes of the fund financial statements, all of the DDA's revenues and expenditures are reported in the general fund.

The DDA as a Whole and the DDA's Funds

For DDA, revenue and expenses are essentially the same under the accrual and the modified accrual bases of accounting mentioned earlier. Certain differences apply to accounting for fixed asset acquisitions, depreciation and proceeds of long-term debt. For the government-wide statements, fixed assets are recorded at cost in the Statement of Net Position and depreciation is provided for over the estimated useful life of the assets. For the fund statements, fixed assets are accounted for as capital outlay expenditures upon acquisition and no provision for depreciation is necessary. Fixed asset additions during 2013 totaled \$218,586 for construction costs applicable to renovation of a building at 1215 Texas Street. Fixed assets at December 31, 2013 include the following:

Costs Applicable to Acquisition of Building at 708 Texas Street	\$ 83,814
Costs Applicable to Renovation of Building at 710 Texas Street	778,112
Costs Applicable to Acquisition and Renovation of Building at 1215 Texas Street	391,910
Downtown Security Equipment and Construction	43,130
Streetscape and Parking Program Equipment	214,309
Office Equipment and Leasehold Improvements	<u>115,440</u>
	<u>\$1,626,715</u>

During December 2004, DDA issued Series 2004 Revenue Bonds. The proceeds from this bond issuance totaled \$3,000,000 and were used for various acquisitions and capital improvement projects in the Downtown Development District in a manner consistent with DDA's 2010 plan previously approved by the Shreveport City Council. During 2009, the DDA retired this bond issue and issued revenue refunding bonds totaling \$1,100,000 in an effort to reduce its total debt service payments. At December 31, 2013, the outstanding principal balance of the bond issue totals \$895,000. The revenue refunding bonds will be repaid over a fifteen-year period and principal and interest payments for 2014 are expected to total approximately \$95,039.

As detailed in the following comparative summary of the Statement of Net Position, total assets at the close of the year 2013 decreased \$97,814 or approximately 4 percent when compared to prior year. Although capital assets increased \$218,586, as discussed above, this was offset by a \$156,018 decrease in property taxes receivable and an \$84,121 decrease in cash balances.

	December 31	
	<u>2013</u>	<u>2012</u>
Assets:		
Cash-Unrestricted	\$ 742,598	\$ 826,719
Property Taxes Receivable	834,877	990,895
Capital Assets (Net of Accumulated Depreciation)	1,090,621	933,571
Other Assets	<u>19,616</u>	<u>34,341</u>
Total Assets	<u>2,687,712</u>	<u>2,785,526</u>
Liabilities:		
Notes Payable-Revenue Bonds	895,000	1,055,000
Deferred Cost on Refunding	(152,656)	(310,768)
Other Liabilities	<u>61,282</u>	<u>69,271</u>
Total Liabilities	803,626	813,503
Net Position:		
Invested in Capital Assets	1,090,621	933,571
Restricted	186,894	407,014
Unrestricted	<u>606,571</u>	<u>631,438</u>
Total Net Position	<u>1,884,086</u>	<u>1,972,023</u>
Total Liabilities and Net Position	\$ <u>2,687,712</u>	\$ <u>2,785,526</u>

As the DDA completed the year, its net position totaled \$1,884,086, which is \$87,937 less than last year's total of \$1,972,023. This change is detailed in the following comparative summary of the Statement of Activities:

	Year Ended December 31		
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Revenues:			
Property Taxes	\$ 812,034	\$ 852,144	\$(40,110)
Charges for Services	660,994	708,479	(47,485)
Investment Income	3,316	3,382	(66)
Expense Reimbursements	45,000	45,000	
Grants and Contributions		200,000	(200,000)
Miscellaneous	<u>24,584</u>	<u>35,485</u>	<u>(10,901)</u>
Total Revenue	1,545,928	1,844,490	(298,562)
Expenditures:			
Administrative	744,959	572,433	172,526
Interest on Long-Term Debt	111,637	124,712	(13,075)
Programs/Projects:			
Parking Services	357,484	383,801	(26,317)
Streetscape Maintenance	329,191	303,882	25,309
Other Programs and Projects	<u>90,594</u>	<u>105,552</u>	<u>(14,958)</u>
Total Expenditures	<u>1,633,865</u>	<u>1,490,380</u>	<u>143,485</u>
Change of Net Position	(87,937)	354,110	<u>\$(442,047)</u>
Net Position at Beginning of Year	<u>1,972,023</u>	<u>1,617,913</u>	
Net Position at End of Year	\$ <u>1,884,086</u>	\$ <u>1,972,023</u>	

As detailed in the above table, DDA's total revenues decreased \$298,562 while total expenditures increased \$143,485. The decrease in revenue is due primarily to a 5 percent decrease in property tax revenue and nonrecurring grant income received during 2012 totaling \$200,000.

Overall, administrative expenses and expenditures for programs and projects remained consistent with 2012, however, administrative expenses for the current year include expenditures consistent with a nonrecurring grant received by DDA during 2012 for marketing of downtown Shreveport.

Included at charges for services in the above table are the following:

	Year Ended December 31	
	<u>2013</u>	<u>2012</u>
Contracts with City of Shreveport:		
Parking Services	\$362,000	\$362,000
Streetscape Maintenance Services	261,105	257,500
Other Streetscape Service Revenues	35,489	32,095
Other Parking Service Revenue	<u>2,400</u>	<u>56,884</u>
	<u>\$660,994</u>	<u>\$708,479</u>

Parking Services

DDA has contracted with the City of Shreveport to manage the City's downtown parking system. The contract's three-year term ended December 31, 2013 and is currently under negotiation. DDA's basic responsibilities under this contract include:

1. Enforcement of parking and no parking zones.
2. Collection of funds from and maintenance of parking meters.
3. Issuance of parking citations and collection of payments.
4. Recommendations for parking improvements and planning.

Expenses incurred by DDA during 2013 applicable to the parking program decreased \$26,317 compared to 2012 and is \$4,516 less than revenues under the contract. During 2012, expenses exceeded contract revenues by \$21,801 for intensified collection efforts. These expenses were recouped during 2013.

Streetscape Maintenance Services

DDA entered into a contract with the City of Shreveport to manage and maintain the City's downtown streetscape areas. DDA's basic duties under this contract include landscape maintenance, litter pick-up, street sweeping and holiday decorations. This contract has a one-year term and is renewable annually. Expenses applicable to the streetscape maintenance program totaled \$329,191 for 2013 which is \$32,597 greater than streetscape service revenues totaling \$296,594. This amount in excess of contract revenues has been absorbed by DDA.

General Fund Budgetary Highlights

The DDA submits a budget at the beginning of each year for approval by the DDA board and the City Council. The budget submitted by DDA was revised once during the year. As detailed in the following financial statement, DDA reports revenues and expenses under the accrual basis of accounting.

Actual revenues for the year were greater than budgeted revenues by \$37,471. The difference is primarily due to actual property tax revenues exceeding budgeted amounts.

Actual expenditures were greater than budgeted expenditures by \$359,532. This variance is due primarily to capital outlay expenditures totaling \$218,586 and incurred during 2013 which were budgeted during 2012 and not realized. In addition, downtown development expenditures include approximately \$190,000 applicable to a 2012 nonrecurring grant.

Next Year's Budget

Revenues under the parking management contract with the City of Shreveport are expected to total \$362,000 for 2014. The base contract for 2014 is consistent with 2013.

Revenues under the streetscape contract with the City of Shreveport are expected to total \$264,500 for 2014 which is consistent with 2013.

Budgeted property tax revenues for 2014 are \$825,000, which is a 2 percent increase compared to 2013 collections.

Contacting DDA's Financial Management

This financial report is designed to provide taxpayers, customers and creditors with a general overview of the DDA's finances and to show the DDA's accountability for the money it receives. For questions concerning this report or if additional financial information is needed, contact the Downtown Development Authority at 401 Edwards Street, Suite 205, Shreveport, Louisiana, (318) 222-7403.

Downtown Development Authority
 Shreveport, Louisiana
 Statement of Net Position
 December 31, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 742,598
Receivables	834,877
Prepaid expenses	19,616
Capital assets (net)	1,090,621
Total assets	2,687,712
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	152,656
Total deferred outflows of resources	152,656
 LIABILITIES	
Accounts payable	23,849
Accrued expenses	11,674
Due to City of Shreveport	12,112
Long-term liabilities:	
Due within one year	73,647
Due in more than one year	835,000
Total liabilities	956,282
 NET POSITION	
Investment in capital assets	1,090,621
Restricted for City of Shreveport-Shrevepark Parking	186,894
Unrestricted	606,571
Total net position	\$ 1,884,086

See accompanying notes to the basic financial statements.

Downtown Development Authority
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2013

	<u>Program Revenues</u>		
<u>Functions and Programs:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Downtown Development	\$ 835,553	\$	\$ (835,553)
Streetscape Program	329,191	296,594	(32,597)
Parking Program	357,484	364,400	6,916
Interest on long-term debt	111,637		(111,637)
	<u>\$ 1,633,865</u>	<u>\$ 660,994</u>	<u>(972,871)</u>
 <u>General Revenues:</u>			
Ad valorem Taxes			812,034
Interest and Investment Earnings			3,316
Expense Reimbursements			45,000
Miscellaneous			24,584
			<u>884,934</u>
Total general revenues			<u>884,934</u>
Change in Net Position			(87,937)
Net Position at Beginning of Year, restated			<u>1,972,023</u>
Net Position at End of Year			<u>\$ 1,884,086</u>

See accompanying notes to the basic financial statements.

Downtown Development Authority
 Shreveport, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2013

	General
Assets	
Cash and cash equivalents	\$ 742,598
Receivables	834,877
Prepaid expenses	19,616
Total assets	\$ 1,597,091
Liabilities	
Accounts payable	\$ 23,849
Accrued expenses	9,121
Due to City of Shreveport	12,112
Total liabilities	45,082
Deferred inflows of resources	
Unavailable revenue - property taxes	56,299
Fund balances	
Nonspendable	
Prepays	19,616
Restricted	
City of Shreveport-Shrevepark Parking	186,894
Unassigned	1,289,200
Total fund balances	1,495,710
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,597,091
Total fund balances - governmental funds	\$ 1,495,710
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (net of accumulated depreciation of \$536,094).	1,090,621
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the fund statements.	56,299
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the fund statements.	152,656
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. Long-term liabilities are shown net of the deferred amount on refunding, which is capitalized and amortized over the life of the bond issue.	(911,200)
Net position of governmental activities	\$ 1,884,086

See accompanying notes to the basic financial statements.

Downtown Development Authority
 Shreveport, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2013

Revenues:	<u>General</u>
Ad valorem taxes	\$ 790,205
Expense reimbursements	45,000
Charges for services	660,994
Contributions	1,252
Miscellaneous	23,332
Interest income	3,316
Total revenues	<u>1,524,099</u>
Expenditures:	
Current:	
General government:	
Downtown development	795,768
Streetscape maintenance	319,566
Parking services	341,769
Capital outlay	218,586
Debt Service:	
Principal payment	55,000
Interest and other charges	38,843
Total expenditures	<u>1,769,532</u>
Excess (deficiency) of revenues over (under) expenditures	(245,433)
Fund balances at beginning of year, restated	<u>1,741,143</u>
Fund balances at end of year	<u>\$ 1,495,710</u>

See accompanying notes to the basic financial statements.

Downtown Development Authority
 Shreveport, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2013

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ (245,433)
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 outlays (\$218,586) exceeded depreciation (\$61,536) in the current period.	157,050
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	55,000
Deferred outflows of resources are amortized over the life of the bond issue for the government-wide statements, but are reported as expenditures in the governmental funds.	(63,168)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. This year's adjustment includes the write off of prior years unamortized debt issuance costs to implement GASB 65.	(13,215)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>21,829</u>
Change in net position of governmental activities	<u><u>\$ (87,937)</u></u>

See accompanying notes to the basic financial statements.

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013

INTRODUCTION

The Downtown Development Authority (DDA), a component unit of the City of Shreveport, is an organization established by an ordinance of the City of Shreveport to provide for the revitalization of downtown Shreveport. Its purpose is to coordinate the efforts of the public and private sectors for the economic and overall development of the Downtown Development District, a special taxing district within the City of Shreveport created by an act of the Louisiana State Legislature. The governing authority of the DDA is a board of directors consisting of seven voting members and two non-voting ex-officio members. The voting members are appointed by the Mayor of the City of Shreveport and confirmed by the City Council for three-year terms. The ex-officio members are the Mayor and the executive director of DDA. The board members do not receive compensation for serving on the board. The governing authority of the DDA board was established by an ordinance of the City of Shreveport.

(1) Summary of Significant Accounting Policies

The Downtown Development Authority's financial statements are prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the DDA are discussed below.

A. Reporting Entity

The DDA was determined to be a component unit of the City of Shreveport for the following reasons:

The City of Shreveport appoints the members of the board of directors of DDA. The DDA must submit to the City its proposals, programs and recommendation for the levy of special ad valorem taxes. The City also has the ability to modify or approve the budget of the DDA and its plan of work.

The accompanying financial statements present information only on the funds maintained by the DDA and do not present information on the City of Shreveport, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The DDA's basic financial statements include both government-wide (reporting the funds maintained by the DDA as a whole) and fund financial statements (reporting the DDA's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The DDA's general fund is classified as a governmental activity. The DDA does not have any business-type activities, component units, or fiduciary funds.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as all long-term debt and obligations. The DDA's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The DDA first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the DDA's functions. The functions are also supported by general government revenues (property taxes, expense reimbursements, and interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function. Program revenues of DDA include contractual payments under its parking and streetscape programs. Operating grants include operating-specific and discretionary (either operating or capital) grants. The net costs (by function) are normally covered by general revenue (property taxes, expense reimbursements, interest income, etc.).

This government-wide focus is more on the sustainability of the DDA as an entity and the change in the DDA's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the DDA are recorded in individual funds in the fund financial statements. Each 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 various funds are reported by generic classification within the financial statements.

The following fund types are used by the DDA:

1. Governmental Funds – the focus of the governmental funds' 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 funds of the DDA:
 - a. General fund – Currently the DDA has only one fund, the general fund, which is used to account for all financial resources and expenditures.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses 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 funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

2. Modified Accrual:

The governmental funds 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. The exception to this general rule is that principal and interest on general long-term debt is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Cash and Cash Equivalents

Cash includes amounts in petty cash, demand deposits, and interest bearing demand deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less when purchased. Under state law, the DDA 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 R.S. 33:2955 and the DDA's investment policy. If the original maturities of investments exceed ninety (90) days, they are classified as investments; however, if the original maturities are ninety (90) days or less, they are classified as cash equivalents.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets purchased or acquired 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:

Equipment	7 years
Furniture and fixtures	7 years
Vehicles	5 years
Buildings and improvements	30 years

For fund financial statements, capital assets are recorded as expenditures in the governmental funds at the time purchased. No depreciation is recorded in the fund financial statements.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

H. Long-term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of revenue refunding bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures.

I. 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 reported revenues and expenses. Actual results could differ from those estimates.

J. Compensated Absences

DDA's formal leave policy provides for the accumulation or vesting of leave. Employees are allowed to carryover a maximum of five days of leave to the following year. Upon termination, no payment will be made for carryover leave.

K. Net Position

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

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that 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.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of directors (the DDA's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of directors remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the DDA's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The DDA's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

M. Deferred Outflows / Inflows of Resources

DDA's statement of net position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The DDA only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The DDA's governmental fund reports a separate section for *deferred inflows of resources*. This separate financial statement element reflects an increase in net position that applies to a future period. The DDA will not recognize the related revenues until a future event occurs. The DDA has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the DDA's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item "unavailable revenue" consisting of ad valorem property taxes is reported in the governmental fund balance sheet. The DDA did not have deferred inflows of resources to report in its government-wide financial statement for the current year.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(2) New Accounting Standard

Effective January 1, 2013, the DDA implemented the following GASB statement: GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities.”* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(3) Ad Valorem Taxes and Deferred Revenue

Ad valorem tax revenues for 2013, which will be collected by the DDA in the year 2014, are \$822,633 and a millage rate of 8.64. DDA's receivable for ad valorem taxes is subject to adjustment by the Louisiana Tax Commission and a possible adjustment depending on final ad valorem tax receipts. Ad valorem taxes are levied on December 1 and due by December 31 of each year. The current expiration of the levy is 2027. The City of Shreveport collects the ad valorem taxes and remits to DDA periodically. DDA recognizes ad valorem tax revenues when they are levied by the City of Shreveport for the government-wide financial statements, in accordance with the accrual basis of accounting. For the fund financial statements, ad valorem tax revenues are recognized under the modified accrual basis of accounting, when they are both measurable and available.

Amounts not collected within the availability period of 60 days are reported as deferred inflows of resources as of December 31, 2013. Approximately 30% of DDA's tax revenues are derived from two taxpayers, and a total of 61% is derived from ten taxpayers

(4) Budgets

DDA's budgetary calendar is January 1 through December 31 of each year. The 2013 budget, prepared by the Executive Director, was approved by the DDA board and the City Council. An abbreviated version of the budget as illustrated in the city ordinance was published in official journal of the City newspaper. There were no amendments to the 2013 budget during the year. Unexpended budget balances lapse at the end of the year.

The 2013 budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP) except for property taxes which are budgeted on the cash basis.

(Continued)

Downtown Development Authority
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2013
(Continued)

(5) Cash and Cash Equivalents

At December 31, 2013, the DDA has cash and cash equivalents (book balances) totaling \$742,598 as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2013 (book balances) totaled \$742,598. 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.

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2013, \$499,874 of the government's bank balance of \$749,874 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department not in DDA's name.

Even though deposit amounts protected by the pledged securities are considered (Category 2) under the provisions of GASB Statement 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 clerk that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2013
 (Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at Jan. 1, 2013	Additions	Deletions	Transfers	Balance at Dec. 31, 2013
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in Process	\$ 149,881	\$	\$	\$ (149,881)	\$
Idle assets	50,237				50,237
Land	80,000				80,000
Total Capital assets, not being depreciated	<u>280,118</u>			<u>(149,881)</u>	<u>130,237</u>
Capital assets, being depreciated:					
Leasehold improvements	52,369				52,369
Buildings	798,261	218,586		149,881	1,166,728
Equipment and furniture	78,737				78,737
Streetscape equipment	58,775				58,775
Parking program equipment	139,869				139,869
Total capital assets, being depreciated, at historical cost	<u>1,128,011</u>	<u>218,586</u>		<u>149,881</u>	<u>1,496,478</u>
Less accumulated depreciation:					
Leasehold improvements	(24,587)	(1,746)			(26,333)
Buildings	(234,160)	(30,398)			(264,558)
Equipment and furniture	(45,053)	(6,209)			(51,262)
Streetscape equipment	(63,373)	(8,206)			(71,579)
Parking program equipment	(107,385)	(14,977)			(122,362)
Total accumulated depreciation	<u>(474,558)</u>	<u>(61,536)</u>			<u>(536,094)</u>
Total capital assets, being depreciated, net	<u>653,453</u>	<u>157,050</u>		<u>149,881</u>	<u>960,384</u>
Governmental activities capital assets, net	<u>\$ 933,571</u>	<u>\$ 157,050</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,090,621</u>

Depreciation expense for the year ended December 31, 2013 was charged to the various functions of DDA as follows:

Downtown Development	\$ 38,353
Streetscape Program	8,206
Parking Program	<u>14,977</u>
Total	<u>\$ 61,536</u>

(Continued)

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2013
 (Continued)

(7) Accounts Receivable

The following is a summary of receivables at December 31, 2013:

<u>Class of Receivable</u>	<u>Amount</u>
Property taxes	\$ 822,633
Related party receivables – DSDC and DSU	6,017
Other	<u>6,227</u>
Total	<u>\$ 834,877</u>

(8) Leases

The DDA leases certain property, office space and equipment under operating leases. Rental costs on the leases for the year ended December 31, 2013, was \$75,372.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

<u>For the Year Ending December 31,</u>	
2014	\$ 37,854
2015	8,041
2016	8,041
2017	<u>2,680</u>
Total minimum future rentals	<u>\$ 56,616</u>

(9) Retirement Plan

DDA maintains a defined contribution pension plan covering all employees over age 20 with three or more months of qualified service. Nationwide Retirement Solutions administers the plan. Required contributions to the plan, equal to 3% of covered payroll, amounted to \$17,689 for the year ended December 31, 2013. Account balances are fully vested after five years of service. Employer contributions are reported as follows for the year ended December 31, 2013:

Administrative	\$ 7,895
Street	4,439
Parking	<u>5,355</u>
Total	<u>\$ 17,689</u>

(10) Risk Management

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

(Continued)

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2013
 (Continued)

(11) Due to City of Shreveport

At December 31, 2013 \$12,112 was due to the City of Shreveport for parking violations collected but not yet remitted.

(12) Long-term Debt

At December 31, 2013, long-term debt consisted of the following:

Refunding Bonds, Series 2009, dated November 2, 2009, semi-annual payments of interest only and annual payments of principle and interest. Annual debt service of approximately \$113,000. Interest rate of 3.915%. Final payment November 1, 2024.	\$ 895,000
Less current installments on long-term debt	(60,000)
Total non-current liabilities	<u>\$ 835,000</u>

In November, 2009, DDA issued \$1,100,000 in revenue refunding bonds, series 2009, with an interest rate of 6.0 percent, to refund \$2,275,000 of outstanding revenue bonds, series 2004, with an interest rate of 5.88 percent. The amount deferred on refunding is the difference between reacquisition price of the old debt (principal amount remaining on the old debt plus call premium paid to refund the debt) and the net carrying amount of the old debt (amount due at maturity for the old debt minus the unamortized debt issue costs related to the old debt). This amount is reported as deferred outflows of resources and amortized over the remaining life of the original revenue bonds, which is shorter than the original life of the new debt. The balance of the deferred outflows of resources, net of 2013 amortization, as of December 31, 2013, is \$152,626.

During 2013, DDA obtained an interest rate reduction, lowering the interest rate from 6.0% to 3.915%.

Changes in long-term debt for the year ended December 31, 2013 are summarized as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amount Due</u> <u>Within One Year</u>
Refunding Bonds	\$ 950,000	\$ --	\$ 55,000	\$ 895,000	\$ 60,000
Compensated Absences	<u>10,266</u>	<u>3,490</u>	<u>—</u>	<u>13,756</u>	<u>13,647</u>
	<u>960,266</u>	<u>3,490</u>	<u>—</u>	<u>908,756</u>	<u>73,647</u>
Less current portion				<u>(109)</u>	<u>(109)</u>
Total long-term liabilities, governmental activities				<u>\$ 908,647</u>	<u>\$ 73,538</u>

(Continued)

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2013
 (Continued)

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

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	60,000	35,039	95,039
2015	65,000	32,690	97,690
2016	70,000	30,145	100,145
2017	70,000	27,405	97,405
2018	75,000	24,665	99,665
2019–2023	450,000	75,364	525,364
2024	105,000	12,136	117,136
	<u>\$ 895,000</u>	<u>\$ 237,444</u>	<u>\$ 1,132,444</u>

(13) Related Party Transactions

Contracts with City of Shreveport

DDA has entered into two contracts with the City of Shreveport. The following provides information in regards to those contracts.

(1) Management and maintenance services for the streetscape areas

DDA's contract with the City of Shreveport to manage and maintain the downtown streetscape areas was a one year contract beginning January 1, 2006 and was extended in 2007, 2008, 2009, 2010, 2011, 2012 and again in 2013 for one year periods. Payments under this contract for 2013 total \$261,105.

(2) Parking system management

DDA's contract with City of Shreveport to manage the downtown parking system is a three year contract beginning January 1, 2011 and ending December 31, 2013. Payments under this contract for 2013 total \$362,000.

Downtown Shreveport Development Corporation Activity

Downtown Shreveport Development Corporation (DSDC), a nonprofit organization, utilizes the professional staff of DDA. DDA has entered into a contract with DSDC, effective January 1, 2013 through December 31, 2013. The following provides information in regards to the contract.

DSDC will pay DDA for administrative services. Amounts paid to DDA by DSDC for administrative services for 2013 was \$30,000.

DSDC will pay DDA to operate and manage a downtown parking lot. Amounts earned by DDA for this service for 2013 was \$2,400.

DSDC will pay DDA for streetscape services for a downtown parking lot leased by DSDC. Amounts earned by DDA for this service for 2013 was \$35,489.

(Continued)

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2013
 (Continued)

Downtown Shreveport Unlimited Activity

Downtown Shreveport Unlimited (DSU), a non-profit organization, utilizes the professional staff of DDA under an annual contract. The following provides information in regards to the contract.

DSU will pay DDA for administrative services. Amounts paid to DDA by DSU for administrative services for 2013 was \$15,000.

DDA serves as paymaster for an employee hired exclusively for DSU. DSU reimburses DDA for the personnel costs for the employee. Costs incurred under this arrangement for 2013 totaled approximately \$86,501

(14) Accrued Expenses

Accrued expenses at December 31, 2013, consisted of the following:

Accrued Leave	\$	109
Miscellaneous		<u>9,012</u>
Total – fund statements		9,121
Accrued interest		<u>2,553</u>
Total – Government-wide statements	\$	<u>11,674</u>

(15) Restatement of Net Position / Fund Balance

Net position / fund balance at December 31, 2012, were restated to record the effect of collection fees on parking violations paid by the DDA for prior years. These collection fees should have been netted from the parking violation fees transferred to the City of Shreveport. The amounts were netted from 2013 collections.

	<u>Net Position</u>	<u>Fund Balance</u>
Balance, December 31, 2012	\$ 1,921,691	\$ 1,690,811
Correction of collection fees on parking violations	<u>50,332</u>	<u>50,332</u>
Balance, December 31, 2012, restated	<u>\$ 1,972,023</u>	<u>\$ 1,741,143</u>

(16) Subsequent events

Subsequent events have been evaluated through May 28, 2014, the date the financial statements were available to be issued.

(17) Contingency

DDA is the defendant in one lawsuit, the ultimate outcome of which is not presently determinable. However, DDA does not believe that the outcome will have a material adverse effect on the accompanying financial statements.

Downtown Development Authority
 Shreveport, Louisiana
 Budgetary Comparison Schedule
 Governmental Funds - General Fund
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Property taxes	\$ 772,023	\$ 865,500	\$ 93,477
Expense reimbursements	45,000	45,000	
Charges for services	647,000	660,994	13,994
Contribution		1,252	1,252
Miscellaneous income	94,500	23,332	(71,168)
Interest income	3,400	3,316	(84)
Total revenues	<u>1,561,923</u>	<u>1,599,394</u>	<u>37,471</u>
Expenditures:			
Current:			
General government:			
Downtown development	658,000	795,768	(137,768)
Streetscape maintenance	278,000	319,566	(41,566)
Parking services	362,000	341,769	20,231
Capital outlay		218,586	(218,586)
Debt Service:			
Principal payment	55,000	55,000	
Interest and other charges	57,000	38,843	18,157
Total expenditures	<u>1,410,000</u>	<u>1,769,532</u>	<u>(359,532)</u>
Excess of revenues over (under) expenditures	151,923	(170,138)	(322,061)
Fund balance at beginning of year		<u>849,183</u>	<u>849,183</u>
Fund balance at end of year	<u>\$ 151,923</u>	<u>\$ 679,045</u>	<u>\$ 527,122</u>

Downtown Development Authority
 Shreveport, Louisiana
 Notes to Required Supplementary Information
 December 31, 2013

The 2013 budget was adopted on a basis consistent with U.S. general accepted accounted principles (GAAP) except for property taxes which are budgeted on the cash basis. There were no amendments to the 2013 budget. Budget comparison statements included in the accompanying financial statements include the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$(170,138)
Adjustments:	
Revenue accruals – net	<u>(75,295)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$(245,433)</u>

COOK & MOREHART

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

Independent Auditors' Report

Downtown Development Authority
Shreveport, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Downtown Development Authority as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Downtown Development Authority's basic financial statements, and have issued our report thereon dated June 20, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Downtown Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Corrective Action Plan for Current Year Audit Findings as item 2013-1.

Downtown Development Authority's Response to Finding

Downtown Development Authority's response to the finding identified in our audit is described in the accompanying Corrective Action Plan for Current Year Audit Findings. Downtown Development Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 20, 2014

Downtown Development Authority
Shreveport, Louisiana
Schedule For Louisiana Legislative Auditor
December 31, 2013

Summary Schedule of Prior Audit Findings and Corrective Action Plan

There were no findings for the prior year audit for the year ended December 31, 2012.

Corrective Action Plan for Current Year Audit Findings

There is one finding in the current audit for the year ended December 31, 2013, as follows:

Reference No.:	2013-1
Criteria:	The Local Government Budget Act sets forth the requirements for appropriately adopting and amending budgets.
Condition:	DDA did not appropriately amend its budget during the year. Actual expenditures exceeded budgeted expenditures by more than 5% for the 2013 year.
Effect:	DDA was not in compliance with the Local Government Budget Act.
Recommendation:	We recommend that DDA appropriately amend its budgets, as needed, to comply with the Local Government Budget Act.
Corrective Action Planned:	At the end of 2013, the DDA exceeded budgeted expenditures by \$359,532. This budget variance occurred after the subsequent year's budget had been submitted. All expenditures were approved by the DDA Board of Directors to pay for capital expenses involving two DDA-owned properties. In the future, DDA will amend its budget to comply with the Local Government Budget Act as recommended.