



Internal Audit Office  
City of Shreveport

June 5, 2025  
**AUDIT  
REPORT** NO. 25-02

*Performance Audit of Casino Contracts – Sam’s  
Town Casino*

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<b>REPORT HIGHLIGHTS:</b>	<b>PAGE:</b>
• Revenues received from Sam’s Town during 2022-2023 appear to be reasonable	3
• Enhance procedures to achieve minority procurement and total employment goals	5



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**The Council  
City of Shreveport**

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June 5, 2025

Councilwoman Tabatha Taylor  
Chairman, Shreveport City Council

Dear Councilwoman Taylor:

Subject: 25-02 – Performance Audit of Casino Contracts – Sam’s Town Casino

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

*Leanis L. Steward*

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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# EXECUTIVE SUMMARY

## Performance Audit of Casino Contracts – Sam’s Town Casino

### Why We Did This Audit

We have completed a Performance Audit of Casino Contracts – Sam’s Town Casino. This audit was conducted as one of our regularly scheduled audits included in the Annual Audit Plan developed by the City Internal Auditor.

The objectives of our audit for Sam's Town Casino were:

- To determine whether revenues received by the City of Shreveport are accurate and supported.
- To determine whether employment and procurement goals and initiatives are achieved and monitored.

### What We Recommended:

- Sam's Town Casino to continue demonstrating good faith efforts in achieving their procurement and employment goals.

### What We Found

On March 10, 1998, the City of Shreveport entered into a lease agreement with Red River Entertainment (Harrah’s) for 50-year contract term. In May 2004, Harrah’s Shreveport was sold to Boyd Gaming Inc. and was renamed Sam’s Town. The end of 2023 was the casino’s 25<sup>th</sup> year of operation. Sam’s Town Casino is one of the three casinos from which the city receives revenues.

In conducting this audit, we found that the payments made by Sam’s Town Casino to the City, including head tax and rent, appear to be reasonable. As outlined in the contract, Sam’s Town Casino has agreed in good faith to fulfill the procurement and employment goals. Sam’s Town Casino did not consistently meet the minority procurement goals and the total employment goal. We identified the following areas for improvement:

- Enhance procedures to achieve minority procurement goals.
- Strengthen measures to meet the total employment goal.

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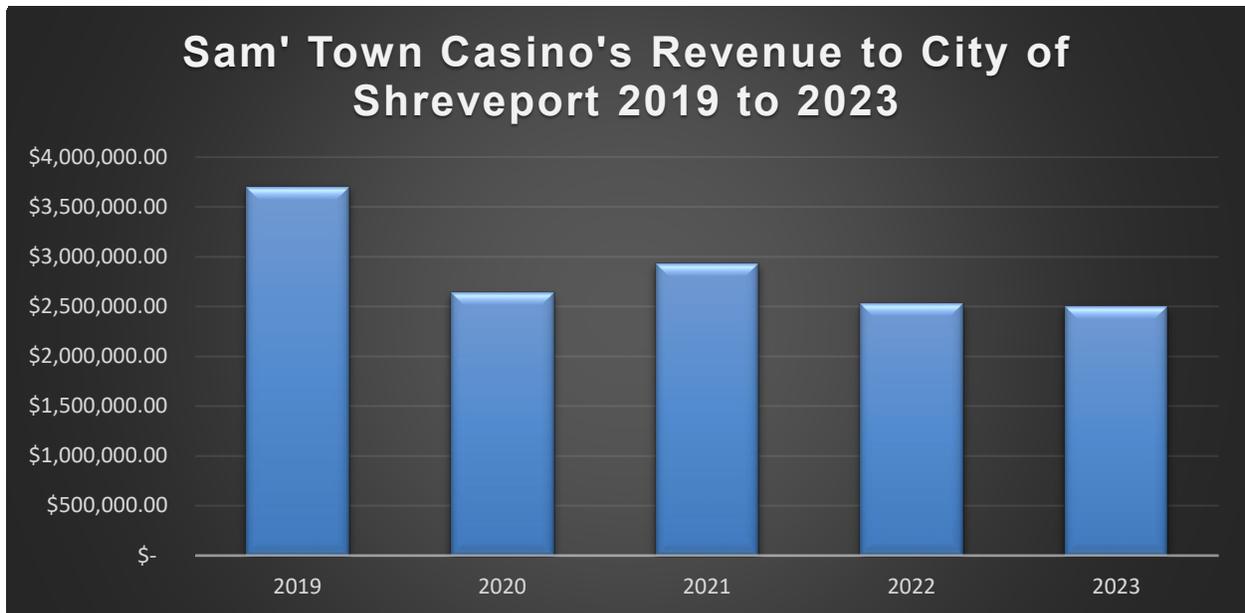
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## Introduction

This audit will assess the performance of the Sam’s Town Casino contract held by the City of Shreveport. This will include an examination of the contractual agreements to ensure full compliance with the appropriate financial reporting. The audit will also evaluate the performance metrics established in the contract to determine if they are being met and if they contribute to the City's success. The audit will identify areas where improvements can be made to optimize performance and ensure that the contract is aligned with the contract objectives. The goal of the audit is to enhance the City's performance by ensuring that the casino meets the highest level of quality and effectiveness.

On March 10, 1998, the City of Shreveport entered into a lease agreement with Red River Entertainment (Harrah’s). In May 2004, Harrah’s Shreveport was sold to Boyd Gaming Inc. and was renamed Sam’s Town. Sam’s Town Casino is one of the three casinos from which the City receives revenues. **The payments made by Sam’s Town Casino to the City, including head tax, and fixed and percentage rent, during 2022-2023 appear to be reasonable.** A summary of the revenues received over the last five years from Sam’s Town Casino is illustrated below:



Source: City Accounting Record



The objectives of this audit were to:

- To determine whether revenues received by the City of Shreveport are accurate and supported.
- To determine whether employment and procurement goals and initiatives are achieved and monitored.

### **Scope and Methodology**

The scope of this audit was limited to Sam's Town Casino contract compliance. The period reviewed was 2022-2023. To answer our objectives, we reviewed relevant internal controls and developed audit procedures that included, but were not limited to, the following:

- Interviewed staff to enhance understanding of the process.
- Obtained total Adjusted Gross Revenue (AGR) from Sam's Town Casino and the LA State Police Gaming Board.
- Calculated rent and head tax payments as per the contract.
- Obtained Minority/Women Enterprise report from Sam's Town Casino and the LA State Police Gaming Board.
- Compare achievements to stated goals.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on our audit objectives.

***The Internal Audit Office expresses appreciation to the management and personnel of the Sam's Town Casino for their cooperation and assistance provided during the audit.***





**Objective: To determine whether employment goals and initiatives are achieved and monitored.**

### **Procurement and employment goals were not always met - Sam's Town Casino**

When granted a riverboat license, licensees agree to voluntary specific employment and procurement goals established by management and the Louisiana Gaming Control Board. Upon reviewing Sam's Town Casino's achievements compared to their stated goals, discrepancies were identified. These disparities between stated goals and actual achievements may indicate areas for further investigation and strategic reevaluation within the organization.

Sam's Town Casino reports to the Louisiana State Gaming Control Board the following: Monthly revenue and admissions; employment results including total, Louisiana, minority, and women; and procurement results including the percentage of Louisiana, minority, and women-owned businesses.

According to the contract: "Tenant agrees that it will make good faith efforts to meet and increase the voluntary Minority/Women Business Enterprise goals that Tenant establishes with the Louisiana Gaming Control Board. These goals have been established as 25% minority business enterprise procurement and 10% female business enterprise procurement ..... employ...80% local area residents and 40% minorities."

On the 15<sup>th</sup> of December 2022, the Louisiana Gaming Control Board amended the voluntary procurement goals to 65% Louisiana, 13% Minority, and 15% Women, commencing on April 1, 2023.

On the 16<sup>th</sup> of November 2023, the Louisiana Gaming Control Board amended the voluntary employment goals to 625 total employment, 38% Minority, and 51% Women, commencing on January 1, 2024.

During the audit period of 2022 and 2023, as reported to the Louisiana Gaming Control Board, Sam's Town had not always achieved procurement and employment goals. As illustrated below, the red highlighted cells indicate the quarters in which the voluntary goals were not met:



**Procurement - Sam's Town Casino Operation Year 2022 & 2023**

2022	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Goal %	% Achieved						
Louisiana	60.00%	79.40%	60.00%	76.80%	60.00%	50.90%	60.00%	67.70%
Female	10.00%	29.20%	10.00%	18.20%	10.00%	14.10%	10.00%	15.20%
Minority	25.00%	13.90%	25.00%	13.00%	25.00%	6.90%	25.00%	8.70%
<b>2023</b>								
Louisiana	60.00%	72.40%	65.00%	76.30%	65.00%	80.10%	65.00%	73.80%
Female	10.00%	15.20%	15.00%	23.00%	15.00%	18.40%	15.00%	15.20%
Minority	25.00%	6.20%	13.00%	16.80%	13.00%	15.00%	13.00%	14.20%

**Employment - Sam's Town Casino Operation Year 2022 & 2023**

2022	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Goal %	% Achieved						
Louisiana	80.00%	98.70%	80.00%	98.90%	80.00%	98.90%	80.00%	98.70%
Female	51.86%	60.20%	51.86%	59.20%	51.86%	58.60%	51.86%	58.68%
Minority	34.76%	72.92%	34.76%	57.64%	34.76%	75.94%	34.76%	75.00%
<b>Total</b>	700	384	700	373	700	374	700	380
<b>2023</b>								
Louisiana	80.00%	98.70%	80.00%	98.70%	80.00%	98.50%	80.00%	98.70%
Female	51.86%	58.60%	51.86%	58.40%	51.86%	59.60%	51.86%	59.50%
Minority	34.76%	75.73%	34.76%	75.13%	34.76%	75.63%	34.76%	75.26%
<b>Total</b>	700	379	700	382	700	394	700	380

Source: Economic Development & Diversity Quarterly Submission from Sam's Town Casino

**Recommendation:** We recommend that Sam's Town Casino to continue demonstrating good faith efforts in achieving their procurement and employment goals.

**Risk:** Low



**AUDIT NO. 25-02**  
**May 01, 2025**

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**Management Response: --**

Although our Procurement Goals fell below expectations in 2022 & Q1 2023, we exceeded our 2024 Goals regarding Louisiana and Women owned businesses. We also exceeded our 2024 Employment Goals in terms of Diversity, only falling short in the number of employees (385). Moving forward in 2025, we will strive to reach all our Procurement and Employment Goals every quarter.

**Due Date:**



**AUDIT NO. 25-02**  
**May 01, 2025**

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Associate Auditor

Approved by:

*Leanis L. Steward*

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City Internal Auditor

pj:ts

- c: City Council
- Clerk of Council
- Mayor
- Chief Administrative Officer
- Carr Riggs and Ingram
- City Attorney
- Sam's Town Casino





## Appendix A: Findings Risk Ranking Criteria

The chart below summarizes our evaluation of risk for the recommendations outlined in the report. Each recommendation was assessed at a high, medium, or low risk level based on a qualitative assessment of exposure and/or corrective action priority.

Risk Levels	Risk Description
<b>High Risk</b>	Represents a <b>significant</b> level of risk exposure to city assets, public safety, or achievement of objectives or mission. Corrective action should have the highest priority.
<b>Medium Risk</b>	Represents a <b>moderate</b> level of risk exposure to the city from extensive operating inefficiencies or high-level non-compliance issues. Corrective action should occur expeditiously.
<b>Low Risk</b>	Represents a <b>minimal</b> level of risk exposure to the city from inefficiencies or low-level non-compliance issues. Corrective action should occur as appropriate.