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**SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU  
FINANCIAL REPORT  
DECEMBER 31, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-26-00

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

Lake Charles, Louisiana

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SOUTHWEST LOUISIANA CONVENTION  
AND VISITORS BUREAU

December 31, 1999

BOARD OF DIRECTORS

Michael Dees - Chairman  
Edwina Medearis  
Gary McQuiston  
Cheree Ray Clark  
Tab Finchum  
Ramesh Patel  
Tim Krouse  
Shelia Winey

EXECUTIVE DIRECTOR

Shelley Johnson

LEGAL COUNCIL

Terry Manuel - District Attorney  
Eston Singletary - Attorney

# McELROY, QUIRK & BURCH

*A Professional Corporation • Certified Public Accountants • Since 1925*  
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070  
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Carl W. Comcaux, CPA  
Barbara Hutson Gonzales, CPA  
Judson J. McCann Jr., CPA  
Martin L. Chchotsky, CPA, CFE\*  
Robert M. Gani, CPA, MT\*\*  
Tina Demarest Battrett, CPA, CVA\*\*\*  
Mollie C. Broussard, CPA

Anne Collette, CPA

\* Certified Fraud Examiner  
\*\* Masters of Taxation  
\*\*\* Certified Valuation Analyst



Charles P. Quirk, CPA, Retired  
Otray J. Woods Jr., CPA, Inactive  
Robert F. Cargile, CPA, Inactive  
William A. Mancuso, CPA, Retired

Charles L. McElroy, CPA (1917-1997)  
Patrick J. Reddin, CPA (1926-1995)  
Frank D. Burch, CPA (1921-1991)

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Louisiana Convention and Visitors Bureau  
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 23, 2000 on our consideration of the Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

*McElroy, Quirk & Burch*

Lake Charles, Louisiana  
June 23, 2000

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 1999

ASSETS	Total Governmental Fund Type	Fiduciary Fund Type Agency	Account Group		Totals (Memorandum Only)	
	Special Revenue		General Fixed Assets	General Long-Term Debt	1999	1998
Cash and cash equivalents	\$ 889,697	\$ -	\$ -	\$ -	\$ 889,697	\$ 922,192
Investments	48,578	89,608	-	-	138,186	96,735
Accounts receivable	69,379	-	-	-	69,379	135,148
General fixed assets	-	-	1,749,815	-	1,749,815	1,751,026
Amount to be provided for retirement of general long-term debt	-	-	-	805,000	805,000	875,000
<b>Total assets</b>	<b>\$ 1,007,654</b>	<b>\$ 89,608</b>	<b>\$ 1,749,815</b>	<b>\$ 805,000</b>	<b>\$ 3,652,077</b>	<b>\$ 3,780,101</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 17,612	\$ -	\$ -	\$ -	\$ 17,612	\$ 58,457
Accrued salaries	12,679	-	-	-	12,679	10,208
Accrued interest payable	19,441	-	-	-	19,441	21,131
Payroll taxes payable	1,843	-	-	-	1,843	1,915
Retainage payable	-	-	-	-	-	62,412
Other current liabilities	2,215	-	-	-	2,215	2,215
Deferred compensation benefits	48,578	89,608	-	-	138,186	96,735
Bonds payable	-	-	-	805,000	805,000	875,000
	<u>102,368</u>	<u>89,608</u>	<u>-</u>	<u>805,000</u>	<u>996,976</u>	<u>1,128,073</u>
<b>Fund equity:</b>						
Investment in general fixed assets	-	-	1,749,815	-	1,749,815	1,751,026
<b>Fund balance:</b>						
<b>Unreserved:</b>						
Designated for special projects	734,599	-	-	-	734,599	788,640
Undesignated	<u>170,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,687</u>	<u>112,362</u>
<b>Total fund equity</b>	<b><u>905,286</u></b>	<b><u>-</u></b>	<b><u>1,749,815</u></b>	<b><u>-</u></b>	<b><u>2,655,101</u></b>	<b><u>2,652,028</u></b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,007,654</b>	<b>\$ 89,608</b>	<b>\$ 1,749,815</b>	<b>\$ 805,000</b>	<b>\$ 3,652,077</b>	<b>\$ 3,780,101</b>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
ALL GOVERNMENTAL FUND TYPES-SPECIAL REVENUE  
Year Ended December 31, 1999 and 1998

	1999	1998
<b>Revenues:</b>		
3% occupancy tax	\$ 884,581	\$ 936,842
Interest, dividends	36,869	56,933
Intergovernmental	217,520	289,411
FHWA Project - Arrowhead Regional Development Commission	60,000	-
Gift Shop	9,126	-
Vending	523	-
Grants	-	20,000
Miscellaneous	4,086	-
Total revenues	1,212,705	1,303,186
<b>Expenditures:</b>		
Advertising, sales and promotions:		
Ad specialties	20,860	28,154
Audio-visual/production	6,793	6,693
Media advertising	110,291	103,857
Newsletter/public affairs	57,411	24,260
Outdoor advertising	29,744	24,424
Printed literature	50,570	46,091
Total advertising, sales and production	275,669	233,479
Personnel services:		
Salaries-full time	216,487	188,324
Salaries-assistants	42,904	31,947
Contract labor	731	178
Payroll taxes	23,849	19,282
Employee benefits	45,685	35,495
Total personnel services	329,656	275,226
Operations:		
Accounting	10,425	8,183
Automobile	14,696	10,525
Building maintenance	18,731	7,710
Business promotion	54,129	75,040
Convention services	8,027	6,457
Conferences and seminars	39,181	33,868
Equipment contracts	13,365	14,622
Gift shop	6,090	-
Insurance-general	10,410	13,450
Legal Fees	21,619	16,153
Membership	7,852	8,374

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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
ALL GOVERNMENTAL FUND TYPES-SPECIAL REVENUE  
Year Ended December 31, 1999 and 1998  
(Continued)

	1999	1998
Expenditures (cont.):		
Operations (cont.):		
Miscellaneous	5,758	3,463
Office	17,720	17,430
Postage	30,243	41,900
Telephone	21,304	18,801
Travel	55,214	64,460
Utilities	22,065	5,950
Vending	260	5,950
Total operations	357,089	346,386
Subrecipient grants:		
Arts and Tourism grants	20,414	28,856
Non-profit matching grants	20,453	19,075
Creole Nature Trail Scenic Byways	27,400	-
Cameron Parish matching grants	11,925	1,062
Total subrecipient grants	80,192	48,993
Capital outlay:		
Building	8,255	-
Furniture and equipment	22,621	164,036
Costumes	9,855	-
Film and video	1,270	-
Vehicle	14,514	-
Construction in progress	-	1,232,070
Total capital outlay	56,515	1,396,106
Debt service:		
Bond retirement	70,000	-
Interest expense and fees	39,300	39,093
Total debt service	109,300	39,093
Total expenditures	1,208,421	2,339,283
Excess (deficiency) of revenues over expenditures	4,284	(1,036,097)
Other financing sources:		
Proceeds from bonds	-	875,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,284	(161,097)
Fund balance at beginning of year	901,002	1,062,099
Fund balance at end of year	\$ 905,286	\$ 901,002

See Notes to Financial Statements.



SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-ALL  
GOVERNMENTAL FUND TYPES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
SPECIAL REVENUE

Year Ended December 31, 1999

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
3% occupancy tax	\$ 950,350	\$ 954,079	\$ (3,729)
Interest, dividends	36,869	40,029	(3,160)
Intergovernmental	217,520	280,000	(62,480)
FHWA Project	60,000	60,000	-
Gift Shop	9,126	7,679	1,447
Vending	523	-	523
Miscellaneous	4,086	5,280	(1,194)
Total revenues	1,278,474	1,347,067	(68,593)
<b>Expenditures:</b>			
Advertising, sales and promotions:			
Ad specialties	23,655	24,000	345
Audio-visual/production	6,732	7,000	268
Media advertising	109,301	108,000	(1,301)
Newsletter/public affairs	58,107	60,000	1,893
Outdoor advertising	29,169	29,300	131
Printed literature	50,542	51,000	458
Total advertising, sales and production	277,506	279,300	1,794
Personnel services:			
Salaries-fulltime	214,015	214,189	174
Salaries-assistants	42,904	42,777	(127)
Contract labor	731	1,352	621
Payroll taxes	22,006	25,615	3,609
Employee benefits	45,685	46,300	615
Total personnel services	325,341	330,233	4,892
Operations:			
Accounting	10,200	10,200	-
Automobile	14,176	29,000	14,824
Building maintenance	18,839	17,200	(1,639)
Business promotion	53,271	51,500	(1,771)
Convention services	8,027	17,342	9,315
Conferences and seminars	39,160	31,300	(7,860)
Equipment contracts	13,700	21,000	7,300
Gift shop	5,830	2,378	(3,452)
Insurance-general	10,418	10,700	282
Legal fees	22,414	23,000	586
Membership	9,102	9,000	(102)
Miscellaneous	5,782	3,084	(2,698)
Office	17,698	17,000	(698)

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-ALL  
GOVERNMENTAL FUND TYPES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
SPECIAL REVENUE  
Year Ended December 31, 1999  
(Continued)

	Actual	Budget	Variance Favorable (Unfavorable)
Expenditures (cont.):			
Operations (cont.):			
Postage	30,674	31,000	326
Telephone	22,227	21,500	(727)
Travel	56,915	57,850	935
Utilities	21,487	22,000	513
Vending	260	300	40
Total operations	360,180	375,354	15,174
Subrecipient grants:			
Subrecipient grants	-	80,217	80,217
Arts and Tourism grants	20,414	-	(20,414)
Non-profit matching grants	20,453	-	(20,453)
Creole Nature Trail Scenic Byways	27,400	-	(27,400)
Cameron Parish matching grants	11,925	-	(11,925)
Total subrecipient grants	80,192	80,217	25
Capital outlay	156,687	141,379	(15,308)
Debt service:			
Bond retirement	70,000	70,000	-
Interest expense and fees	40,990	40,575	(415)
Total debt service	110,990	110,575	(415)
Total expenditures	1,310,896	1,317,058	6,162
Excess of revenues over expenditures (budget basis)	(32,422)	\$ 30,009	\$ (62,431)
Adjustments to GAAP basis:			
To adjust revenues for accruals	(65,769)		
To adjust expenditures for accruals	102,475		
Excess of revenues over expenditures (GAAP basis)	4,284		
Fund balance at beginning of year	901,002		
Fund balance at end of year	\$ 905,286		

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business

The operations of the Southwest Louisiana Convention and Tourist Bureau are to promote conventions and tourism in the Calcasieu Parish area.

Note 2. Summary of Significant Accounting Policies

The financial statements of the Southwest Louisiana Convention and Visitors Bureau have been prepared according to generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Bureau's more significant accounting policies are described below.

A. Reporting Entity

The Southwest Louisiana Convention and Visitor's Bureau was created in 1972 by an Act of the Louisiana Legislature. That Act was amended and reenacted by Act 47 to create the Bureau as a political subdivision of the State of Louisiana effective for 1997 with the purpose of promoting conventions and tourism in the Calcasieu Parish area. It is governed by a seven person Board of Directors. The following governmental bodies and civic organizations appoint members to and are represented on the Board:

Calcasieu Parish Police Jury-one member  
The City of Lake Charles-one member  
The Chamber Southwest Louisiana-one member  
West Calcasieu Association of Commerce-one member  
Lake Charles Hotel/Motel Association-three members  
Cameron Parish Police Jury-one advisory member

The financial statements of the Bureau include all operations and activities of the Bureau under control and authority of the Board of Directors and it was determined that no other agency should be included in this reporting entity.

## NOTES TO FINANCIAL STATEMENTS

### B. Fund Accounting

The Southwest Louisiana Convention and Visitors Bureau uses a fund and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The financial statements in this report are grouped into the following fund types and account group:

One governmental fund type, a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

One fiduciary fund type, an agency fund used to account for the deferred compensation plan. Agency funds are custodial in nature and do not involve measurement of operations.

Two account groups, the general fixed assets account group and the long-term debt account group. All fixed assets used in governmental fund operations are accounted for in the general fixed assets account group. Long-term obligations for governmental fund operations are accounted for in the long-term debt account group.

### C. Basis of Accounting

The Bureau uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: occupancy tax, interest, dividends, and intergovernmental revenue.

## NOTES TO FINANCIAL STATEMENTS

The Bureau's records are maintained on a cash basis of accounting. However, the funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

### Revenues:

Revenues collected in the current period that were measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue.

### Expenditures:

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

### Advertising:

The Bureau elects to expense advertising cost as incurred. The advertising cost for the years ended December 31, 1999 and 1998 amounted to \$275,669 and \$233,479, respectively.

### Estimates:

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

### D. Cash, Cash Equivalents and Investments

Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity of no longer than three months.



## NOTES TO FINANCIAL STATEMENTS

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Bureau to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Bureau has stated their investments at fair value at December 31, 1999 and 1998. Fair value was determined by obtaining "quoted" year end market prices. Cash and cash equivalents, which include cash, demand deposits, having an original maturity of three months or less from the date acquired are stated at amortized cost.

### E. Budgets and Budgetary Accounting

The Director and two budget committees submit to the Board of Directors a proposed budget prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Budgeted amounts are as amended by the Board of Directors.

After a complete review the budget is approved. Any revisions that alter total expenditures must be approved by the Board. Formal budgetary integration is employed as a management control device during the year. All budgetary appropriations lapse at the end of each fiscal year.

During the year ended December 31, 1999, budgeted amounts for revenues were increased approximately \$92,000 and expenditures were increased approximately \$87,000. The major part of these changes is represented by an increase in occupancy tax and FHWA Project income and by an increase in capital outlay from those amounts originally budgeted.

Encumbrance accounting is not used.

## NOTES TO FINANCIAL STATEMENTS

### F. Fixed Assets

Fixed assets used in special revenue fund type operations are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

### G. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

### H. Compensated Absences

The Bureau has the following policy related to vacation and sick leave:

The cost of current leave and sick pay are recognized as current year expenditures when leave is actually taken. Vacation and sick pay do not accrue from year to year.

### I. Fund Equity

Designated fund balance:

Designated fund balances represent tentative plans for future use of financial resources. The Bureau has designated \$734,599 of its Special Revenue Fund equity for various special projects as explained in Note 8.

### Note 3. Cash, Cash Equivalents and Investments

The Southwest Louisiana Convention and Visitors Bureau maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

NOTES TO FINANCIAL STATEMENTS

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

Investments are carried at fair value.

Cash and cash equivalents:

The Bureau's bank demand and time deposits at December 31, 1999 and 1998 classified to give an indication of the level of risk assumed by the Bureau are as follows:

<u>1999</u>	<u>Cash and Demand Deposits</u>
Carrying amount	\$ <u>243,403</u>
Bank balances:	
A. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 200,000
B. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	91,386
C. Uncollateralized, including any securities held for the entity but not in the entity's name	-----
Total bank balances	\$ <u>291,386</u>



NOTES TO FINANCIAL STATEMENTS

<u>1998</u>	<u>Cash and Demand Deposits</u>
Carrying amount	<u>\$ 137,096</u>
Bank balances:	
A. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 200,000
B. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	214,856
C. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>          -</u>
Total bank balances	<u>\$ 414,856</u>

Cash equivalents held at December 31, 1999, consist of \$646,294 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP investments at December 31, 1998 totaled \$785,096.

In accordance with GASB Codification Section I50.165 the investment in LAMP at December 31, 1999, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements

NOTES TO FINANCIAL STATEMENTS

collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The carrying value of LAMP at December 31, 1999 approximates its fair value.

Investments:

Investments held at December 31, 1999, consist of the following investments held in the Rabbi Trust and the deferred compensation plan. The trust and the deferred compensation plan are more fully described in Note 11. The investments are categorized to give an indication of the level of risk assumed by the Bureau. Category 1 includes investments that are insured or registered, or for which the securities are held by the Bureau or its agent in the name of the Bureau. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the name of the Bureau. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent but not in the name of the Bureau.

	<u>Reported at Fair Value</u>		
	<u>Category</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
December 31, 1999			
US Treasury money market fund	\$ 39,390	\$ -	\$ -
Life insurance policy	-	9,188	-
Mutual funds	-	89,608	-
Total	<u>\$ 39,390</u>	<u>\$ 98,796</u>	<u>\$ -</u>
December 31, 1998			
U.S. Treasury money market value	\$ 31,650	\$ -	\$ -
Life insurance policy	-	9,188	-
Mutual funds	-	55,897	-
Total	<u>\$ 31,650</u>	<u>\$ 65,085</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Agreement

The Bureau occupies property it has leased from the City of Lake Charles. The lease is on a month to month basis. The Bureau has negotiated a joint service agreement with the City of Lake Charles regarding the new Convention and Visitors Bureau building site.

Note 5. Changes in General Fixed Assets

A summary of changes in fixed assets follows:

<u>1999</u>	Balance <u>1/1/99</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/99</u>
Building	\$ -	\$ 1,397,370	\$ -	\$ 1,397,370
Leasehold improvements	42,729	-	42,729	-
Furniture and equipment	177,310	19,463	-	196,773
Transportation equipment	65,622	14,514	14,997	65,139
Computer equipment	69,791	4,428	-	74,219
Costumes	6,459	9,855	-	16,314
Construction in progress	<u>1,389,115</u>	<u>-</u>	<u>1,389,115</u>	<u>-</u>
	<u>\$1,751,026</u>	<u>\$ 1,445,630</u>	<u>\$1,446,841</u>	<u>\$ 1,749,815</u>
<u>1998</u>	Balance <u>1/1/98</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/98</u>
Leasehold improvements	\$ 42,729	\$ -	\$ -	\$ 42,729
Furniture and equipment	41,408	135,902	-	177,310
Transportation equipment	65,622	-	-	65,622
Computer equipment	41,657	28,134	-	69,791
Costumes	6,459	-	-	6,459
Construction in progress	<u>157,045</u>	<u>1,232,070</u>	<u>-</u>	<u>1,389,115</u>
	<u>\$ 354,920</u>	<u>\$ 1,396,106</u>	<u>\$ -</u>	<u>\$ 1,751,026</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Long-term debt is comprised of the following:

	<u>Balance</u> <u>12/31/99</u>	<u>Balance</u> <u>12/31/98</u>
<p>Excess Revenue Certificates of Indebtedness Series 1998 payable to Bank One, Louisiana in the original amount of \$875,000; dated January 1, 1998; bearing an interest rate of 4.83% fixed, payable July 1, 1998, and semi-annually thereafter on January 1 (principal and interest) and July 1 (interest) each year. The certificates are secured by and payable in principal and interest from the irrevocable pledge and dedication of the excess of annual revenues of the Issuer, those funds and monies of the Issuer budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments, and the revenues, income, receipts and funds of the Issuer derived from any monies appropriated from any fund created in Chapter 2-B of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Revenues") of the Issuer</p>	<u>\$ 805,000</u>	<u>\$ 875,000</u>

Summary of changes in general long-term debt:

	<u>Balance</u> <u>12/31/98</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
<p>Excess Revenue Certificates of Indebtedness Series 1998</p>	<u>\$ 875,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 805,000</u>

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all general obligation debt outstanding as of December 31, 1999 including interest of \$187,283, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation</u>
2000	\$ 112,071
2001	108,448
2002	109,705
2003	110,720
2004	111,494
2005 and thereafter	439,846

Note 7. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 1999 and 1998.

Note 8. Unreserved-Designated Funds

The Board of Directors has designated fund balances to provide for the following projects:

	<u>1999</u>	<u>1998</u>
Bond Retirement Fund	\$ -	\$ 142,201
Costume Fund	2,430	9,965
Vehicle Fund	35,354	28,900
Building Repair Improvements	21,507	-
Building Fund	-	97,008
Building Furnishings Contingency Fund	-	58,647
Employee enhancement	6,938	7,500
Bond Retirement Fund	165,042	-
Visitor Enterprise Fund	116,513	201,276
Major Expenditure Fund	242,139	182,921
Improvements/statue	10,505	10,001
Sports (loc)	55,560	25,003
CNT awards	60,110	25,218
Kiosk Fund	5,001	-
Gift Shop Fund	3,500	-
Tool Kit Fund	10,000	-
	<u>\$ 734,599</u>	<u>\$ 788,640</u>



## NOTES TO FINANCIAL STATEMENTS

### Note 9. 3% Occupancy Tax

Act 47 of the Louisiana Legislature authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect a 3% tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within its jurisdiction. The jurisdiction of the Bureau is composed of all the territory in Calcasieu Parish. The tax rate of 3% may not be increased above that rate unless approved by a majority of the electors of the parish voting thereon in an election held for that purpose. The proceeds of the tax shall be used by the Bureau for the operation of the Bureau, and for the purpose of attracting conventions and tourists into the area, and jurisdiction of the Bureau including, but not limited to, the authority to spend money for advertising, promotion, and publication of information, or for any other purpose generally or specifically authorized for occupancy taxes in the parish by this Act 47 or by any local, special, or general law.

### Note 10. Intergovernmental Revenue

Intergovernmental revenue for December 31, 1999 and 1998, from the State of Louisiana Calcasieu Visitor Enterprise Fund amounted to \$217,520 and \$289,411, respectively. The Louisiana Legislature created in the State Treasury a "Calcasieu Visitor Enterprise Fund". Monies in the fund are appropriated to the Southwest Louisiana Convention and Visitors Bureau to be used for tourism development purposes, including, but not limited to, support for historic preservation and arts and humanities.

### Note 11. Deferred Compensation Plan

The Bureau offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Bureau employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A model Rabbi trust agreement has been established for Shelly Johnson, Executive Director. This plan is a nonqualified deferred compensation plan.

Aetna Life Insurance and Annuity Company is managing the 457 plan. The choice of the investment options for the Section 457 plan is made by the employee.

NOTES TO FINANCIAL STATEMENTS

Note 12. Budgetary - GAAP Reconciliation

The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual presents comparisons of the legally adopted budget more fully described in Note 2 with actual data on a budgetary basis. This statement also includes a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 1999.

Note 13. Contingencies

Effective October 1, 1998, the Bureau by ordinance promulgated a three percent (3%) occupancy tax on complimentary rooms provided by hotels and motels owned and operated by riverboat casinos in Calcasieu Parish, Louisiana. Players of Lake Charles, LLC, ("Players") the owner of riverboat casino hotels in Calcasieu Parish, Louisiana, has paid that tax under protest and has filed a lawsuit in the 14<sup>th</sup> Judicial District Court, Calcasieu Parish, Louisiana, contesting the validity of that tax. The amount of tax that Players has paid under protest through April 1, 2000 is \$103,369.80. The tax paid under protest is being held in escrow by the Calcasieu Parish School Board, the collector of the Bureau's occupancy tax, and has not been recognized as revenue of the Bureau.

The Bureau anticipates that Players will continue to pay the tax under protest until the matter is finally resolved. If the lawsuit is resolved favorably to the Bureau, the Bureau will be entitled to retain the tax paid under protest and any interest earned on those funds while in escrow. If Players is successful, the Bureau will be required to return to Players the taxes paid under protest and will be required to pay Players interest on the amount paid under protest and held in escrow at the legal interest rate in Louisiana.

Note 14. Changes in Agency Fund

A summary of changes in assets and liabilities - All Agency Funds follows:

	Balance <u>1/1/99</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/99</u>
Deferred Compensation - 457 Plan:				
Assets:				
Investments	\$ <u>55,897</u>	\$ <u>33,711</u>	\$ <u>-</u>	\$ <u>89,608</u>
Liabilities:				
Deferred compensation	\$ <u>55,897</u>	\$ <u>33,711</u>	\$ <u>-</u>	\$ <u>89,608</u>

NOTES TO FINANCIAL STATEMENTS

Note 15. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) entered into agreements, during 1997 and 1999, with the Louisiana Department of Transportation (DOTD). The DOTD, with the assistance of the Federal Highway Administration (FHWA) has implemented a Louisiana Scenic Byways Program to improve the Creole Nature Trail. The costs of the projects are a joint participation between the FHWA and the Bureau, with the Bureau contributing the 20% match of the participating cost and the FHWA contributing, through the DOTD, the remaining 80% at the time of authorization.

On December 16, 1999, the Southwest Louisiana Convention and Visitors Bureau (Bureau) entered into a cooperative endeavor agreement with the Creole Nature Trail Scenic Byway District (District) related to the DOTD Agreements. The District bound itself to the DOTD Agreements to the same extent as if it had been a party thereto and to undertake the projects described in the Agreements. The grants for the projects described in the Agreements were applied for by the Bureau on behalf of the District. The Bureau submits claims to the DOTD for reimbursement of 80% of the project costs and upon receipt of the funds, remits to the District a like amount. The District administers the grant funds, including the local matching funds and reports all disbursements to the Bureau quarterly.

During 1999 the following funds were administered by the Creole Nature Trail Scenic Byway District:

Revenue:

Louisiana Department of Transportation and Development and Federal Highway Administration	\$ 69,511
Southwest Louisiana Convention and Visitors Bureau-matching grant	<u>27,400</u>
Total Revenue	96,911

Expenditures:

Advertising	95,916
Signage	3,750
Training	3,880
Other	<u>114</u>
Total Expenditures	<u>103,660</u>

Excess (deficiency) of revenue over expenditures	<u><u>\$ (6,749)</u></u>
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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Southwest Louisiana Convention and Visitors Bureau  
Lake Charles, Louisiana

We have audited the financial statements of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 2000. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Southwest Louisiana Convention and Visitors Bureau financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Bureau's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below:

1. Because of the entity's size and the limited number of accounting personnel, it is not feasible to segregate duties to achieve effective internal accounting control. This matter was also reported as a reportable condition in our prior year's report.

### Management's response:

Management of the Bureau has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

### Prior year audit findings reportable conditions

Inadequate segregation of duties. This matter has been discussed above.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*McElroy, Quirk & Burch*

Lake Charles, Louisiana  
June 23, 2000