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BATON ROUGE AREA CONVENTION AND

VISITORS BUREAU

FINANCIAL STATEMENTS

DECEMBER 31, 1999

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Release Date 08-16-00



BATON ROUGE AREA CONVENTION AND
VISITORS BUREAU

FINANCIAL STATEMENTS

December 31, 1999



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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Area Convention and Visitors Bureau
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of Baton Rouge Area Convention and Visitors Bureau as of December 31, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe 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 Baton Rouge Area Convention and Visitors Bureau as of December 31, 1999 and 1998, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental data included on page 10 is presented for purposes of additional analysis and are not a required part of the financial statements of Baton Rouge Area Convention and Visitors Bureau. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated February 24, 2000, on our consideration of the Bureau's internal control structure and over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 24, 2000

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

BALANCE SHEETS
DECEMBER 31, 1999 AND 1998

ASSETS

	<u>General Fund</u>	<u>General Fixed Asset Account Group</u>	<u>(Memorandum Only) Total</u>	<u>1998</u>
Cash and cash equivalents	\$ 383,449	\$ -	\$ 383,449	\$ 133,621
Cash - restricted	402,146	-	402,146	452,873
Taxes receivable	141,414	-	141,414	246,043
Accounts receivable	6,759	-	6,759	20,046
State grants receivable	200,000	-	200,000	-
Prepaid expense	80,654	-	80,654	55,572
Property, plant and equipment	-	165,478	165,478	155,098
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,214,422	\$ 165,478	\$ 1,379,900	\$ 1,063,253

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 52,765	\$ -	\$ 52,765	\$ 65,125
Accrued compensation	4,807	-	4,807	3,575
Other liabilities	25,400	-	25,400	-
Total liabilities	<hr/> 82,972	<hr/> -	<hr/> 82,972	<hr/> 68,700
FUND BALANCE - Unreserved	648,650	165,478	814,128	486,108
FUND BALANCE - Reserved	402,146	-	402,146	452,873
Prepays	80,654	-	80,654	55,572
Total fund balance	<hr/> 1,131,450	<hr/> 165,478	<hr/> 1,296,928	<hr/> 994,553
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 1,214,422	\$ 165,478	\$ 1,379,900	\$ 1,063,253

The accompanying notes are an integral part of these statements.



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
<u>REVENUES</u>		
Tax revenue	\$ 2,125,995	\$ 2,051,590
Interest income	27,704	24,903
Advertising and promotion	10,475	9,333
Events hosting	9,789	114,468
State grants	310,000	-
Miscellaneous income	11,925	20,352
	2,495,888	2,220,646
 <u>EXPENDITURES</u>		
Salaries and commissions	657,719	654,772
Payroll taxes and benefits	142,628	144,309
Advertising and promotion	421,182	470,986
Trade shows and FAM/Site visits	88,680	92,995
Special promotions	434,262	127,604
General and administrative	374,042	455,479
Contribution to Baton Rouge Area Sports Foundation	75,000	75,000
Capital outlay	10,380	5,895
	2,203,893	2,027,040
Revenues in excess of expenditures	291,995	193,606
Fund balance, beginning of period	839,455	645,849
Fund balance, end of period	\$ 1,131,450	\$ 839,455

The accompanying notes are an integral part of these statements.



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED DECEMBER 31, 1999 AND 1998

	December 31, 1999		
	Actual	Budget	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Tax revenue	\$ 2,125,995	\$ 2,042,000	\$ 83,995
Interest income	27,704	17,000	10,704
Service revenue	10,475	14,460	(3,985)
Events hosting	9,789	4,050	5,739
State grants	310,000	-	310,000
Miscellaneous	11,925	11,400	525
Total Revenues	2,495,888	2,088,910	406,978
<u>EXPENDITURES</u>			
Salaries and commissions	657,719	691,781	34,062
Payroll taxes and benefits	142,628	165,539	22,911
Advertising and promotion	421,182	419,250	(1,932)
Trade shows and FAM / Site visits	88,680	104,160	15,480
Special promotions	434,262	122,865	(311,397)
General and administrative	374,042	407,259	33,217
Contribution to B. R. Area Sports Foundation	75,000	75,000	-
Capital outlay	10,380	16,744	6,364
Total Expenditures	2,203,893	2,002,598	(201,295)
Excess of Revenue Over Expenditures	291,995	86,312	205,683
Fund Balance, beginning of period	839,455	839,455	-
Fund Balance, end of period	\$ 1,131,450	\$ 925,767	\$ 205,683

The accompanying notes are an integral part of these statement.



December 31, 1998

Actual	Budget	Variance Favorable (Unfavorable)
\$ 2,051,590	\$ 2,090,000	\$ (38,410)
24,903	21,800	3,103
9,333	16,000	(6,667)
114,468	127,000	(12,532)
-	-	-
20,352	67,140	(46,788)
<u>2,220,646</u>	<u>2,321,940</u>	<u>(101,294)</u>
654,772	676,907	22,135
144,309	148,368	4,059
470,986	493,632	22,646
92,995	105,760	12,765
127,604	88,825	(38,779)
455,479	564,666	109,187
75,000	75,000	-
5,895	20,400	14,505
<u>2,027,040</u>	<u>2,173,558</u>	<u>146,518</u>
193,606	148,382	45,224
<u>645,849</u>	<u>645,849</u>	<u>-</u>
<u>\$ 839,455</u>	<u>\$ 794,231</u>	<u>\$ 45,224</u>



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Baton Rouge Area Convention and Visitors Bureau (the "Bureau") is a governmental entity established to promote travel and tourism in the Baton Rouge area. Additionally, the Bureau is responsible for attracting conventions to Baton Rouge. The basic operations of the Bureau are financed by a hotel-motel tax. In the accompanying financial statements, these operations are reflected in the General Fund.

Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Bureau is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Bureau may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Bureau also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected Bureau members are financially accountable. There are no other primary governments with which the Bureau has a significant relationship. The Bureau is not a component unit of any other entity.

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectibility. Management believes all accounts are collectible at December 31, 1999.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The general fund uses a current financial resources measurement focus and is accounted for using the modified accrual basis of accounting. The revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, *actual results could differ from those estimates.*



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than in governmental funds.

Budgets and Budgetary Accounting

The Bureau adopts an annual budget. The annual budget is prepared on the modified accrual basis of accounting for those funds used in the Bureau's operations. Any revisions that alter the total expenses must be approved by the board of directors.

Compensated Absences

All full-time employees earn from 10 to 15 days of vacation leave each year, depending on length of service with the Bureau. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave will be paid.

All full-time employees earn 10 days of sick leave each year. Sick leave may be accumulated not to exceed 20 work days. If an employee resigns or is terminated the employee will not be paid for any unused sick leave.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken.

2. **LEASE COMMITMENT**

The Bureau leases its office building under an operating lease, which expires on August 31, 2000. At the end of the lease term, the Bureau has the right of first refusal to renew the lease. Rent expense for the year ending December 31, 1999 was \$57,000. Future minimum lease payment for 2000 is \$38,000.

3. **BOARD MEMBER COMPENSATION**

The Board Members of the Bureau did not receive any compensation during 1999.

4. **RELATED PARTY TRANSACTIONS**

The Bureau contributed \$75,000 to an organization related through common oversight authority during 1999. These contributions were at the direction of the Bureau.

The Bureau provided office space to an organization related through common oversight authority during 1999. This office space was provided free of charge to the related organization.



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

5. CASH AND INVESTMENTS

At year-end, the carrying amount of the Bureau's deposits was \$383,206 and the bank balance was \$458,370. Of the bank balance, \$100,000 was secured by federal depository insurance, \$358,370 was secured by collateral held by the pledging bank's agent in the Bureau's name (GASB Category 2).

The Bureau also invested \$402,146 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana which was formed by an initiative of the State Treasurer in 1993. 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. 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 collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consist of no securities with a maturity in excess of 397 days. LAMP deposits may be redeemed at par at any time without penalty or loss of interest. Due to short-term nature of the LAMP portfolio and the immediate access at par feature, investments in LAMP are considered cash equivalents by the Bureau. (GASB Category 3)

6. FIXED ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment	\$ 135,747	\$ 10,380	\$ -	\$ 146,127
Automobiles	<u>19,351</u>	<u>-</u>	<u>-</u>	<u>19,351</u>
	<u>\$ 155,098</u>	<u>\$ 10,380</u>	<u>(\$ -)</u>	<u>\$ 165,478</u>

7. RESERVED FUND BALANCE AND RESTRICTED FUNDS

The board has reserved \$402,146 of fund balance for special projects, operating reserves, and building repair reserves. The board has designated \$402,146 of investments to fund these reserves, if necessary. The restricted funds are separated into the following categories with the corresponding 1999 activity:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP -- Special Project Fund	\$ 227,159	\$ 55,297	(\$ 140,000)	\$ 142,456
LAMP -- Operations	207,225	18,718	(-)	225,943
LAMP -- Building Repair Fund	<u>18,489</u>	<u>15,258</u>	<u>(-)</u>	<u>33,747</u>
	<u>\$ 452,873</u>	<u>\$ 89,273</u>	<u>(\$ 140,000)</u>	<u>\$ 402,146</u>



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

8. **RETIREMENT PLAN**

The Bureau contributes 7% of each eligible employee's salary to an employee retirement plan. In order to be eligible under the plan, the employee must have earned at least \$400 in the previous year and be at least 18 years old. At December 31, 1999, the Bureau contributed \$42,585 to the plan.

9. **COMMITMENTS**

During the year ended December 31, 1999, the Bureau contributed \$75,000 to Bonne Fete, Inc. The Bureau also committed to contribute \$50,000 to Bonne Fete, Inc. in 2000.



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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***

To the Board of Directors
Baton Rouge Area Convention and Visitors Bureau
Baton Rouge, Louisiana

We have audited the general purpose financial statements of Baton Rouge Area Convention and Visitors Bureau (the Bureau) as of and for the year ended December 31, 1999, and have issued our report thereon dated February 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the 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 the Bureau's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Baton Rouge Area Convention and Visitors Bureau Board of Directors, management, and the Legislative Auditor of the State of Louisiana and it is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 24, 2000