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**BATON ROUGE AREA CONVENTION AND
VISITORS COMMISSION**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

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**BAYON SCHOOL AREA CONVENTION AND
VISITORS COMMISSION**

COMBINED FINANCIAL STATEMENTS

December 31, 1995



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined balance sheet of Baton Rouge Area Convention and Visitors Commission as of December 31, 1996, and the related combined statement of revenues, expenditures and changes in fund balance for the six months then ended. These combined financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Area Convention and Visitors Commission, Inc. as of December 31, 1996, and the results of its operations for the six months then ended in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued a report dated June 5, 1997, on our examination of the Commission's internal control structure and a report dated June 5, 1997 on its compliance with laws and regulations.

Pastelthwhite & Netteville

Baton Rouge, LA
June 5, 1997

BATON ROUGE AREA CONVENTION AND VISITORS COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SIX MONTHS ENDING DECEMBER 31, 1996**

	1996
REVENUES	
Tax revenue	\$ 871,237
Interest income	21,893
Advertising and promotion	5,215
Events hosting	875
Miscellaneous income	<u>10,799</u>
Total revenues	<u>910,019</u>
EXPENDITURES	
Salaries and commissions	227,161
Payroll taxes and benefits	60,094
Advertising and promotion	69,523
Trade shows	24,784
Events hosting	15,279
General and administrative	236,461
Contribution to Baton Rouge Area Sports Foundation	62,580
Capital outlay	<u>25,751</u>
Total expenditures	<u>717,453</u>
Revenues in excess of expenditures	<u>192,566</u>
Fund balance, July 1, 1996, as previously reported	586,324
Effect of change in type of entity	<u>(43,924)</u>
Fund balance, July 1, 1996, as restated	<u>542,400</u>
Fund balance, end of period	<u>\$ 734,966</u>

The accompanying notes are an integral part of this statement.



BASTON ROUGE AREA COMMISSION AND VISITORS COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SIX MONTHS ENDED DECEMBER 31, 1996

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES			
Tax revenue	\$ 871,232	\$ 883,000	\$ 11,768
Service revenue	5,793	83,500	(77,707)
Events/fees	875	268,880	(268,005)
Interest income	21,952	13,000	8,952
Miscellaneous	30,799	2,320	28,479
	<u>930,651</u>	<u>1,148,700</u>	<u>(218,049)</u>
EXPENDITURES			
Salaries and commissions	227,161	371,400	144,239
Payroll taxes and benefits	80,054	82,750	2,696
Advertising and promotion	60,323	131,380	71,057
Trade shows	24,784	34,800	(10,016)
Events/fees	35,269	8,750	(26,519)
General and administrative	226,481	330,140	103,659
BB&CP	62,580	62,580	-
Capital outlay	26,751	30,000	3,249
	<u>729,803</u>	<u>951,800</u>	<u>77,003</u>
Excess of Revenue over Expenditures	<u>200,848</u>	<u>196,900</u>	<u>4,948</u>
Fund balance, July 1, 1996, as previously reported	386,324	258,380	127,944
Effect of change in type of entity	(45,953)	(45,950)	(3)
Fund balance, July 1, 1996, as revised	<u>340,371</u>	<u>212,430</u>	<u>127,941</u>
Fund balance, end of period	<u>\$ 541,219</u>	<u>\$ 409,330</u>	<u>\$ 131,889</u>

The accompanying notes are an integral part of this statement.



BATON ROUGE AREA CONVENTION AND VISITOR'S COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

The Commission assumed all of the assets and liabilities of the Baton Rouge Area Convention and Visitor's Bureau on July 1, 1996. The Bureau was a not-for-profit entity established for the same purpose as the Commission, and was controlled by the Commission. The Bureau also had memberships from area businesses which expired on June 30, 1996.

Reporting Entity

GAAP 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 Commission 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 GAAP Statement 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or rates or charges, and issue bonded debt. The Commission also has no component units, defined by GAAP Statement 14 as other legally separate organizations for which the elected Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship. The Commission is not a component unit of any other entity.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

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, 1996.

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 refers to the timing of the measurement made, regardless of the measurement focus applied.

BATON ROUGE AREA CONVENTION AND VISITORS COMMISSION

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Management Focus(Basis of Accounting (continued))

The general fund uses a current financial resources management 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 these estimates.

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

Compensated Absence

All full-time employees earn from 30 to 35 days of vacation leave each year, depending on length of service with the Commission. 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 30 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.

Change in Entity

Due to the dissolution of the Bureau and all assets and liabilities being assumed by the Commission effective July 1, 1998, there was a change in entity from a not-for-profit to a governmental entity. The effect on beginning fund balance was a reduction of \$43,555. There was no effect on revenues in excess of expenditures at December 31, 1998.



BATON ROUGE AREA CONVENTION AND VISITORS COMMISSION

NOTES TO FINANCIAL STATEMENTS

2. LEASE COMMITMENT

The Commission leases its office building under an operating lease which expires in August, 1998. At the end of the lease term, the Commission has the right of first refusal to renew the lease. Rent expense for the six months ending December 31, 1996 was \$25,680.

Future minimum lease payments for the above lease are as follows:

<u>Date</u>	<u>Office Lease</u>
December 31, 1997	\$ 51,680
December 31, 1998	<u>24,480</u>
	<u>\$ 76,160</u>

3. BOARD MEMBER COMPENSATION

The Board Members of the Commission did not receive any compensation during 1996.

4. RELATED PARTY TRANSACTIONS

The Commission periodically receives complimentary airline tickets, lodging, and meals from its members. These items are used primarily to bring visitors and convention planners to Baton Rouge in an effort to attract large tour groups. The Commission does not record these transactions which are estimated to exceed \$17,000 as of December 31, 1996.

The Commission contributed \$62,500 to an organization related through common oversight authority during 1996. These contributions were at the direction of the Commission.

The Commission provided office space to an organization related through common oversight authority during 1996. This office space was provided free of charge to the related organization.

5. CASH AND INVESTMENTS

At year end, the carrying amount of the Commission's deposits was \$326,075 and the bank balance was \$360,435. Of the bank balance, \$100,000 was secured by federal depositary insurance, \$260,435 was secured by collateral held by the pledging bank's agent in the Commission's name (GAAP Category 2).



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Baton Rouge Area Convention and Visitors Commission (the Commission) as of and for the six months ended December 31, 1996 and have issued our report thereon dated June 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure in future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Commission for the six months ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Baton Rouge Area Convention and Visitors Commission 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.

Pauley Harvill : Metairie

Baton Rouge, Louisiana

June 5, 1997



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Baton Rouge Area Convention and Visitors Commission

We have audited the financial statements of Baton Rouge Area Convention and Visitors Commission (the Commission) as of and for the six months ended December 31, 1996, and have issued our report thereon dated June 5, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Baton Rouge Area Convention and Visitors Commission is the responsibility of Baton Rouge Area Convention and Visitors Commission management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Baton Rouge Area Convention and Visitors Commission compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the Baton Rouge Area Convention and Visitors Commission Board of Directors, management, and Legislative Authority of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Pwllithwaite & Netterville

Baton Rouge, Louisiana
June 5, 1997