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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
FINANCIAL REPORT
DECEMBER 31, 2003

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 9.1.04

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

Lake Charles, Louisiana

C O N T E N T S

	Page
FINANCIAL SECTION	
List of Principal Officials	3
Report of Independent Auditors	4-5
Combined Statements-Overview ("Liftable General Purpose Financial Statements):	
Combined Balance Sheet - All Fund Types and Account Groups	6-7
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types - Special Revenue	8-9
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue	10-12
Notes to Financial Statements	13-26
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	27-29

SOUTHWEST LOUISIANA CONVENTION
AND VISITORS BUREAU

December 31, 2003

BOARD OF DIRECTORS

Fran Sanchez - Chairman
Sam Battaglia (resigned effective January 16, 2003)
Michael Dees
Linda Farrell
Joseph Heacock, Jr.
R. K. Levens
Yul Lorio
Edwina Medearis
Tommy Rutledge
Bernard Beaco
Jennifer Viccellio
Patricia Philmon (seated March 1, 2003)

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
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Martin L. Chehorsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA



Billy D. Fisher, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Joe G. Peshoff II, CPA, CVA

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

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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REPORT OF INDEPENDENT AUDITORS

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, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of Southwest Louisiana Convention and Visitors 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 auditing standards generally accepted in the United States of America 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 general purpose 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, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mc Elroy, Smith & Benck

Lake Charles, Louisiana
May 3, 2004

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003

ASSETS	Total Governmental Fund Type Special Revenue	Fiduciary Fund Type Agency
Cash and cash equivalents	\$ 986,669	\$ -
Investments	77,014	125,285
Accounts receivable	107,143	-
General fixed assets	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets	<u>\$ 1,170,826</u>	<u>\$ 125,285</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 13,041	\$ -
Accrued salaries	18,398	-
Payroll taxes payable	1,210	-
Other current liabilities	12,294	-
Deferred compensation benefits	77,014	125,285
Bonds payable	-	-
Total liabilities	<u>121,957</u>	<u>125,285</u>
Fund equity:		
Investment in general fixed assets	-	-
Fund balance:		
Unreserved:		
Designated for special projects	810,443	-
Undesignated	238,426	-
Total fund equity	<u>1,048,869</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 1,170,826</u>	<u>\$ 125,285</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003

	Total Governmental <u>Fund Type</u> Special <u>Revenue</u>	Fiduciary Fund <u>Type</u> <u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 986,669	\$ -
Investments	77,014	125,285
Accounts receivable	107,143	-
General fixed assets	-	-
Amount to be provided for retirement of general long-term debt	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,170,826</u>	<u>\$ 125,285</u>
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 13,041	\$ -
Accrued salaries	18,398	-
Payroll taxes payable	1,210	-
Other current liabilities	12,294	-
Deferred compensation benefits	77,014	125,285
Bonds payable	-	-
Total liabilities	<u>121,957</u>	<u>125,285</u>
 Fund equity:		
Investment in general fixed assets	-	-
Fund balance:		
Unreserved:		
Designated for special projects	810,443	-
Undesignated	238,426	-
Total fund equity	<u>1,048,869</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 1,170,826</u>	<u>\$ 125,285</u>

See Notes to Financial Statements.

Account Group		Totals (Memorandum Only)	
General Fixed Assets	General Long-Term Debt	2003	2002
\$ -	\$ -	\$ 986,669	\$ 1,055,137
-	-	202,299	161,551
-	-	107,143	97,469
1,881,043	-	1,881,043	1,846,564
<u>-</u>	<u>450,960</u>	<u>450,960</u>	<u>527,470</u>
<u>\$ 1,881,043</u>	<u>\$ 450,960</u>	<u>\$ 3,628,114</u>	<u>\$ 3,688,191</u>
\$ -	\$ -	\$ 13,041	\$ 17,550
-	-	18,398	17,623
-	-	1,210	1,050
-	-	12,294	9,356
-	-	202,299	161,551
<u>-</u>	<u>450,960</u>	<u>450,960</u>	<u>527,470</u>
<u>-</u>	<u>450,960</u>	<u>698,202</u>	<u>734,600</u>
1,881,043	-	1,881,043	1,846,564
-	-	810,443	897,519
-	-	238,426	209,508
<u>1,881,043</u>	<u>-</u>	<u>2,929,912</u>	<u>2,953,591</u>
<u>\$ 1,881,043</u>	<u>\$ 450,960</u>	<u>\$ 3,628,114</u>	<u>\$ 3,688,191</u>

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, 2003

With Comparative Amounts for Year Ended December 31, 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
3% occupancy tax	\$ 1,243,652	\$ 1,281,021
Interest, dividends	9,894	16,037
Intergovernmental	238,400	206,358
Gift Shop	19,755	17,164
Vending	514	522
City of Lake Charles	<u>20,000</u>	<u>20,000</u>
Total revenues	<u>1,532,215</u>	<u>1,541,102</u>
Expenditures:		
Advertising, sales and promotions:		
Ad specialties	22,052	21,870
Audio-visual/production	2,813	2,934
Media advertising	130,569	138,621
Newsletter/public affairs	19,532	19,963
Outdoor advertising	21,707	29,473
Printed literature	<u>42,756</u>	<u>42,010</u>
Total advertising, sales and production	<u>239,429</u>	<u>254,871</u>
Personnel services:		
Salaries-full time	355,876	320,410
Salaries-assistants	74,591	63,492
Contract labor	224	327
Payroll taxes	35,529	30,115
Employee benefits	<u>91,456</u>	<u>86,799</u>
Total personnel services	<u>557,676</u>	<u>501,143</u>
Operations:		
Accounting	11,129	10,680
Automobile	14,545	13,086
Building maintenance	18,804	16,655
Business promotion	84,445	96,419
Convention services	3,564	3,938
Conferences and seminars	24,649	27,937
Equipment contracts	24,166	24,700
Fees	767	1,072
Gift shop	11,957	8,818
Insurance-general	15,916	16,324
Legal Fees	105,257	986
Membership	16,808	17,035

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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, 2003

With Comparative Amounts for Year Ended December 31, 2002

(Continued)

	2003	2002
Expenditures (cont.):		
Operations (cont.):		
Miscellaneous	5,117	7,981
Office	16,720	19,570
Postage	35,116	33,092
Telephone	16,790	17,776
Travel	47,563	59,531
Utilities	24,474	24,676
Vending	120	274
Total operations	477,907	400,550
Subrecipient grants:		
Arts and Tourism grants	19,365	22,500
Non-profit matching grants	44,048	25,177
Creole Nature Trail Scenic Byways	92,699	42,184
Cameron Parish matching grants	24,571	14,061
Total subrecipient grants	180,683	103,922
Capital outlay:		
Building	-	995
Furniture and equipment	34,479	2,792
Total capital outlay	34,479	3,787
Debt service:		
Bond retirement	76,510	81,917
Interest expense and fees	23,690	27,783
Total debt service	100,200	109,700
Total expenditures	1,590,374	1,373,973
Excess of revenues over expenditures	(58,159)	167,129
Fund balance at beginning of year	1,107,027	939,898
Fund balance at end of year	\$ 1,048,868	\$ 1,107,027

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, 2003

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:			
3% occupancy tax	\$ 1,233,978	\$ 1,218,836	\$ 15,142
Interest, dividends	9,894	1,070	8,824
Intergovernmental	200,005	200,005	-
Gift Shop	19,755	19,310	445
Vending	514	535	(21)
City of Lake Charles	20,000	20,000	-
Total revenues	1,484,146	1,459,756	24,390
Expenditures:			
Advertising, sales and promotions:			
Ad specialties	22,094	22,250	156
Audio-visual/production	2,644	2,650	6
Media advertising	130,819	131,000	181
Newsletter/public affairs	19,532	19,530	(2)
Outdoor advertising	21,707	21,710	3
Printed literature	42,756	43,255	499
Total advertising, sales and production	239,552	240,395	843
Personnel services:			
Salaries-full-time	355,876	355,100	(776)
Salaries-assistants	74,591	74,786	195
Contract labor	224	223	(1)
Payroll taxes	35,098	35,035	(63)
Employee benefits	91,456	92,639	1,183
Total personnel services	557,245	557,783	538
Operations:			
Accounting	11,129	11,130	1
Automobile	14,157	14,000	(157)
Building maintenance	18,896	19,480	584
Business promotion	83,179	82,325	(854)
Convention services	4,002	4,000	(2)
Conferences and seminars	25,139	25,860	721
Equipment contracts	23,818	23,820	2
Fees	767	-	(767)
Gift shop	11,939	12,400	461

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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, 2003
(Continued)

	Actual	Budget	Variance Favorable (Unfavorable)
Expenditures (cont.):			
Operations (cont.):			
Insurance-general	15,857	15,855	(2)
Legal fees	105,257	105,073	(184)
Membership	16,883	17,000	117
Miscellaneous	4,641	4,720	79
Office	16,845	20,490	3,645
Postage	34,975	34,975	-
Telephone	17,323	17,325	2
Travel	52,274	52,300	26
Utilities	24,982	25,000	18
Vending	120	120	-
Total operations	482,183	485,873	3,690
Subrecipient grants:			
Arts and Tourism grants	19,365	19,365	-
Non-profit matching grants	44,048	44,048	-
Creole Nature Trail Scenic Byways	92,699	92,699	-
Cameron Parish matching grants	24,863	24,863	-
Total subrecipient grants	180,975	180,975	-
Capital outlay	34,729	31,284	(3,445)
Debt service:			
Bond retirement	76,510	76,510	-
Interest expense and fees	23,690	23,690	-
Total debt service	100,200	100,200	-
Total expenditures	1,594,884	1,596,510	1,626
Excess of revenues over expenditures (budget basis)	(110,738)	(136,754)	\$ <u>26,016</u>

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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, 2003
(Continued)

	Actual	Budget	Variance Favorable (Unfavorable)
Excess of revenues over expenditures (budget basis)	(110,738)	(136,754)	<u>\$ 26,016</u>
Other financing sources (uses):			
Appropriation to designated fund balance	-	(136,754)	
Excess of revenues and other financing sources over expenditures	(110,738)	<u>\$ -</u>	
Adjustments to GAAP basis:			
To adjust revenues for accruals	48,069		
To adjust expenditures for accruals	4,510		
Excess of revenues over expenditures (GAAP basis)	(58,159)		
Fund balance at beginning of year	<u>1,107,027</u>		
Fund balance at end of year	<u>\$ 1,048,868</u>		

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Southwest Louisiana Convention and Visitors Bureau have been prepared in conformity with accounting principles generally accepted in the United States of America. 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. Nature of Business

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

B. 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. During 2000 the Louisiana Legislature increased the seven person governing board to an eleven person Board of Directors. The following governmental bodies appoint members to and are represented on the Board:

Calcasieu Parish Police Jury-six members
The City of Lake Charles-three members
West Calcasieu Community Center Authority-one member
The City of Sulphur-one 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

C. Fund Accounting

The Southwest Louisiana Convention and Visitors Bureau uses funds and account groups 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.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds.

NOTES TO FINANCIAL STATEMENTS

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.

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 year ended December 31, 2003 amounted to \$239,429.

NOTES TO FINANCIAL STATEMENTS

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

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, 2003, budgeted amounts for revenues were increased approximately \$33,196 and expenditures were decreased approximately \$81,009. The major part of these changes is represented by an increase in occupancy tax and a decrease in grant income from those amounts originally budgeted.

Encumbrance accounting is not used.

F. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments, readily convertible to known amounts of cash, and at the date of purchase, 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, 2003. 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.

G. 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.

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. Long-term obligations expected to be financed from governmental funds

are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

NOTES TO FINANCIAL STATEMENTS

J. Bad Debts

No reserve for uncollectible receivables had been recorded as of December 31, 2003, as all receivables were considered collectible.

K. Fund Equity

Designated fund balance:

Designated fund balances represent tentative plans for future use of financial resources. The Bureau has designated \$810,443 of its Special Revenue Fund equity for various special projects as explained in Note 7.

L. 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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

M. Recent Accounting Pronouncements

In June 1999, the Government Accounting Standards Board issued GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement requires special purpose governments to redraft their financial statements to include a section for management discussion and analysis, enterprise fund financial statements (defined to include a statement of net assets; a statement of revenues, expenses and changes in fund net assets; and a statement of cash flows), notes to the financial statements, and required supplementary information. This statement is effective for Southwest Louisiana Convention and Visitors Bureau for fiscal years beginning after June 15, 2003. The Southwest Louisiana Convention and Visitors Bureau does not anticipate that the adoption of GASB No. 34 will have a material effect on its financial position or results of operations.

NOTES TO FINANCIAL STATEMENTS

Note 2. 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.

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, 2003 classified to give an indication of the level of risk assumed by the Bureau are as follows:

	<u>Cash and Demand Deposits</u>
Carrying amount	\$ <u>173,061</u>
Bank balances:	
A. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 175,656
B. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	138,496
C. Uncollateralized, including any securities held for the entity but not in the entity's name	<u> -</u>
Total bank balances	\$ <u>314,152</u>

NOTES TO FINANCIAL STATEMENTS

Cash equivalents held at December 31, 2003, consist of \$810,670 Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies).

In accordance with GASB Codification Section I50.165 the investment in LAMP at December 31, 2003, 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 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, 2003 approximates its fair value.

Investments:

Investments held at December 31, 2003, 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 10. 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

NOTES TO FINANCIAL STATEMENTS

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>
Life insurance policy	\$ -	\$ 11,435	\$ -
Mutual funds	-	190,864	-
Total	<u>\$ -</u>	<u>\$ 202,299</u>	<u>\$ -</u>

Note 3. Lease Agreement

The Bureau occupies property it has leased through a joint service agreement with the City of Lake Charles. The agreement provides the Bureau use of the land at no cost.

Note 4. Changes in General Fixed Assets

A summary of changes in fixed assets follows:

	<u>Balance</u> <u>1/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/03</u>
Building	\$ 1,439,087	\$ -	\$ -	\$ 1,439,087
Furniture and equipment	208,959	-	-	208,959
Transportation equipment	103,942	-	-	103,942
Computer equipment	78,262	34,479	-	112,741
Costumes	16,314	-	-	16,314
	<u>\$ 1,846,564</u>	<u>\$ 34,479</u>	<u>\$ -</u>	<u>\$ 1,881,043</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

Long-term debt is comprised of the following at December 31, 2003:

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 \$ 450,960

Summary of changes in general long-term debt:

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/03</u>
Excess revenue Certificates of Indebtedness Series 1998	<u>\$ 527,470</u>	<u>\$ -</u>	<u>\$ 76,510</u>	<u>\$ 450,960</u>

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2003 including interest of \$49,508, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation</u>
2004	\$ 60,620
2005	112,026
2006	107,437
2007	107,728
2008	112,657
2009	-

NOTES TO FINANCIAL STATEMENTS

Note 6. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 2003.

Note 7. Unreserved-Designated Funds

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

Visitor Enterprise Fund - budget account	\$ 57,704
Costume Fund	9,414
Vehicle Fund	33,015
Building repair improvements	85,546
Employee enhancement	10,772
Bond Retirement Fund	218,889
Major Expenditure Fund	210,530
Sports (loc)	131,184
CNT awards	45,009
Portable public address system	838
2004 Louisiana Life ad	1,001
Tear off map	5,000
Fire alarm dispute	<u>1,541</u>
	<u>\$ 810,443</u>

Note 8. 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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Intergovernmental Revenue

Intergovernmental revenue received during 2003 from the State of Louisiana Calcasieu Visitor Enterprise Fund amounted to \$238,400. 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 10. 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.

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.

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

Note 11. 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 1 with actual data on a budgetary basis. This statement also includes a reconciliation of resultant basis, timing, perspective and entity differences in excess of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2003.

NOTES TO FINANCIAL STATEMENTS

Note 12. Changes in Agency Fund

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

	<u>Balance</u> <u>1/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/03</u>
Deferred Compensation- 457 Plan:				
Assets:				
Investments	<u>\$ 100,331</u>	<u>\$ 24,954</u>	<u>\$ -</u>	<u>\$ 125,285</u>
Liabilities:				
Deferred compensation	<u>\$ 100,331</u>	<u>\$ 24,954</u>	<u>\$ -</u>	<u>\$ 125,285</u>

Note 13. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) has entered into agreements 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. This agreement continues in effect. 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.

NOTES TO FINANCIAL STATEMENTS

During 2003 the following funds were administered by the Creole Nature Trail Scenic Byway District:

Revenue:

Louisiana Department of Transportation and Development and Federal Highway Administration	\$ 286,234
Southwest Louisiana Convention and Visitors Bureau-matching grant	92,699
Cameron Parish Police Jury	30,200
Interest	<u>1,554</u>
Total revenue	<u>410,687</u>

Expenditures:

Trade shows	2,752
Turnouts	345,835
Marketing plan	17,455
Accounting	<u>2,742</u>
Total expenditures	<u>368,784</u>

Excess of revenue over expenditures	<u>\$ 41,903</u>
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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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 general purpose financial statements of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2003, and have issued our report thereon dated May 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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's general purpose 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 general purpose 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 general purpose financial statements. Reportable conditions are described below:

1. Because of the Bureau'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 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. 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 consider the reportable condition described above to be a material weakness.

Prior Year Audit Findings Reportable Conditions

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

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mr. Elroy, Quail & Burch

Lake Charles, Louisiana

May 3, 2004