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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
FINANCIAL REPORT
DECEMBER 31, 1995

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.

Release Date 8-21-96

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

Lake Charles, Louisiana

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MCELROY, QUIRK & BURCH

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of assets, liabilities and fund balances-cash basis of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 1995, and the related statements of cash receipts and disbursements, changes in fund balance-cash basis for the year then ended. 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 Governmental Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 1995, and its cash receipts and disbursements and changes in fund balances for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 1996 on our consideration of the Southwest Louisiana Convention and Visitors Bureau's internal control structure and a report dated May 10, 1996 on its compliance with laws and regulations.

McE Gray, Quirk & Bunch

Lake Charles, Louisiana
May 10, 1996

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1995

ASSETS	<u>Total Governmental Fund Type Special Revenue</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
Cash	\$ 99,005	\$ -	\$ 99,005
Restricted assets:			
Cash	155,853	-	155,853
Certificates of deposit	284,668	-	284,668
General fixed assets	<u>-</u>	<u>178,497</u>	<u>178,497</u>
Total assets	<u>\$ 539,526</u>	<u>\$ 178,497</u>	<u>\$ 718,023</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Payroll taxes payable	\$ 1,391	\$ -	\$ 1,391
Retirement withholding payable	<u>247</u>	<u>-</u>	<u>247</u>
	<u>1,638</u>	<u>-</u>	<u>1,638</u>
Fund equity:			
Investment in general fixed assets	-	178,497	178,497
Fund balance:			
Reserved for special projects	440,521	-	440,521
Unreserved-undesignated	<u>97,367</u>	<u>-</u>	<u>97,367</u>
Total fund equity	<u>537,888</u>	<u>178,497</u>	<u>716,385</u>
Total liabilities and fund equity	<u>\$ 539,526</u>	<u>\$ 178,497</u>	<u>\$ 718,023</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUND TYPES-SPECIAL REVENUE
Year Ended December 31, 1995

	<u>Actual</u>
Cash receipts:	
Hotel-motel 3% tax	\$ 757,657
Interest, dividends	14,174
Grants	90,690
Membership receipts	5,700
Total cash receipts	868,221
Expenditures:	
Advertising, sales and promotions:	
Ad specialties	6,999
Audio-visual/production	4,085
Media advertising	59,563
Newsletter/public affairs	14,202
Outdoor advertising	27,079
Printed literature	20,125
Total advertising, sales and production	132,053
Personnel services:	
Salaries-fulltime	140,192
Salaries-assistants	31,134
Salaries-contract	975
Net payroll taxes	14,909
Net group insurance	26,807
Total personnel services	214,017
Operations:	
Accounting	7,085
Automobile	11,045
Building maintenance	6,256
Business promotion	45,296
Convention services	6,164
Conferences and seminars	23,119
Capital outlay	24,897
Equipment contracts	9,178
Insurance-general	5,631
Interest	-
Legal Fees	6,652
Membership	5,959
Miscellaneous	1,309
Office	13,902
Postage	20,921
Telephone	21,489
Travel	51,568
Utilities	4,052
Total operations	264,523
Total expenditures	610,593
Excess of receipts over expenditures	257,628
Fund balance at beginning of year	280,260
Fund balance at end of year	\$ 537,888

See Notes to Financial Statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUND TYPES-BUDGET (CASH BASIS) AND ACTUAL-SPECIAL REVENUE
Year Ended December 31, 1995

	Actual	Budget	Variance Favorable (Unfavorable)
Cash receipts:			
Hotel-motel 3% tax	\$ 757,657	\$ 683,000	\$ 74,657
Interest, dividends	14,174	-	14,174
Co-op revenue, grants	90,690	-	90,690
Membership receipts	5,700	-	5,700
	868,221	683,000	185,221
Expenditures:			
Advertising, sales and promotions:			
Ad specialties	6,999	7,000	1
Audio-visual/production	4,085	8,500	4,415
Media advertising	59,563	67,000	7,437
Newsletter/public affairs	14,202	15,000	798
Outdoor advertising	27,079	27,000	(79)
Printed literature	20,125	33,000	12,875
Total advertising, sales and production	132,053	157,500	25,447
Personnel services:			
Salaries-fulltime	140,192	156,400	16,208
Salaries-assistants	31,134	28,800	(2,334)
Salaries-contract	975	2,000	1,025
Net payroll taxes	14,909	18,200	3,291
Net group insurance	26,807	29,400	2,593
Total personnel services	214,017	234,800	20,783
Operations:			
Accounting	7,085	6,000	(1,085)
Automobile	11,045	8,000	(3,045)
Building maintenance	6,256	6,200	(56)
Business promotion	45,296	50,000	4,704
Convention services	6,164	6,000	(164)
Conferences and seminars	23,119	26,300	3,181
Capital outlay	24,897	40,000	15,103
Equipment contracts	9,178	8,500	(678)
Insurance-general	5,631	4,200	(1,431)
Interest	-	-	-
Legal Fees	6,652	-	(6,652)
Membership	5,959	6,500	541
Miscellaneous	1,309	3,000	1,691
Office	13,902	15,000	1,098
Postage	20,921	23,000	2,079
Telephone	21,489	24,000	2,511
Travel	51,568	48,800	(2,768)
Utilities	4,052	5,000	948
Total operations	264,523	280,500	15,977
Total expenditures	610,593	672,800	62,207
Excess of receipts over expenditures	257,628	10,200	247,428
Fund balance at beginning of year	280,260	280,260	-
Fund balance at end of year	\$ 537,888	\$ 290,460	\$ 247,428

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 on a cash basis which is a comprehensive basis of accounting other than GAAP. 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 is a political subdivision of Calcasieu Parish, having been created by Ordinance 1424 on August 2, 1972 for the purpose of promoting conventions and tourism in the Calcasieu Parish area. The Bureau derives its income primarily from a tax on the occupancy of hotel and motel rooms in Calcasieu Parish, which is levied and collected by the Calcasieu Parish Police Jury.

The Southwest Louisiana Convention and Visitor's Bureau is a component unit of Calcasieu Parish based on the Parish's ability to exercise oversight responsibility over the Bureau. Such oversight responsibility is considered to mean the existence of financial interdependency, and the ability to significantly influence operations and the accountability for fiscal matters.

By an act of the Louisiana Legislature, the Bureau will become a political subdivision of the State of Louisiana as of January 1, 1996.

The financial statements of the Bureau include all operations and activities of the Bureau for which the Board of Directors had oversight responsibility as defined above. The Bureau will have the authority to impose a sales tax at the current rate of three percent without a popular vote. Any increase must be submitted for public vote.

NOTES TO FINANCIAL STATEMENTS

B. Fund Accounting

The Southwest Louisiana Convention and Visitor's Bureau uses a special revenue fund to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

C. Account Groups

The general fixed assets account group accounts for all fixed assets acquired by the Bureau.

D. Accounting Method

The statements are prepared on the cash basis of accounting, consequently, revenue and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. This basis of accounting is recognized as a comprehensive basis of accounting other than GAAP.

E. Cash and Cash Equivalents

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.

F. 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.

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.

Budgets are prepared on a cash basis which is a comprehensive basis other than GAAP.

Encumbrance accounting is not used.

NOTES TO FINANCIAL STATEMENTS

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.

Note 3. Cash and Certificates of Deposit

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.

The Bureau's bank demand and time deposits at year end were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the Bureau's name. The deposits at December 31, 1995 classified to give an indication of the level of risk assumed by the Bureau are as follows:

	<u>Cash and Demand Deposits</u>	<u>Certificates of Deposit</u>
Carrying amount	<u>\$ 254,858</u>	<u>\$ 284,668</u>
Bank balances:		
A. Insured or collateralized with securities held by the entity or its agent in the entity's name	\$ 353,690	\$ 224,668
B. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	1,067	-
C. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>58,822</u>	<u>60,000</u>
Total bank balances	<u>\$ 413,579</u>	<u>\$ 284,668</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Agreement

The Bureau occupies property it has leased from the City of Lake Charles. The lease expires on December 1, 1996 and does not provide for payment of any rentals.

Note 5. Changes in General Fixed Assets

A summary of changes in fixed assets follows:

	Balance 1/1/95	Additions	Deductions	Balance 12/31/95
Leasehold improvements	\$ 42,729	\$	\$	\$ 42,729
Office furniture and equipment	37,592			37,592
Transportation equipment	46,790	22,997		69,787
Computer equipment	20,030	1,900		21,930
Costumes	6,459			6,459
	<u>\$ 153,600</u>	<u>\$ 24,897</u>	<u>\$</u>	<u>\$ 178,497</u>

Note 6. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 1995.

Note 7. Restricted Funds

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

Creole Nature Trail	\$ 18,525
Costume Fund	4,471
Vehicle Fund	16,571
Building Fund	373,454
Dining Guide	2,000
Scenic Byway	10,000
Backdrop Fund	5,000
Accomodation/CNT Brochures	6,500
Computer/Radio Fund	4,000
	<u>\$ 440,521</u>

**INDEPENDENT AUDITOR'S REPORTS ON
INTERNAL CONTROL STRUCTURE
AND COMPLIANCE**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT 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, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Audit 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.

The management of the Southwest Louisiana Convention and Visitors Bureau 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 to 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 general purpose financial statements of the Southwest Louisiana Convention and Visitors Bureau for the year ended December 31, 1995, 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 operations, 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 an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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. 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.

The entity's review process did not identify the fact that its bank depository had not adequately secured the Board's public deposits in accordance with state law. This matter was corrected in 1996 and the entity has revised its review process to prevent future noncompliance.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness. However, we noted the following matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Southwest Louisiana Convention and Visitors Bureau for the year ended December 31, 1995.

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. 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.

This report is intended for the information of management and other state and Parish audit agencies. However, this report is a matter of public record, and its distribution is not limited.

Mc Elroy, Quirk & Burch

Lake Charles, Louisiana
May 10, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE 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 Southwest Louisiana Convention and Visitors Bureau, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 6, 1996.

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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Southwest Louisiana Convention and Visitors Bureau is the responsibility of Southwest Louisiana Convention and Visitors Bureau's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Bureau's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose 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 indicate that, with respect to the items tested, the Southwest Louisiana Convention and Visitors Bureau complied, in all material respects with the provisions referred to in the preceding paragraph, except for the item noted in the following paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Bureau had not complied, in all material respects, with those provisions.

Louisiana Revised Statute 39:1225 requires that financial institutions secure deposits with the posting as collateral of a like amount of their own investments. The Southwest Louisiana Convention and Visitors Bureau investments in two financial institutions were under collateralized as of the audit date.

This report is intended for the information of management and other state audit agencies. However, this report is a matter of public record and its distribution is not limited.

McElroy, Quirk & Brunch

Lake Charles, Louisiana
May 10, 1996