

BATON ROUGE AREA CONVENTION AND
VISITORS BUREAU
GENERAL PURPOSE FINANCIAL STATEMENTS
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.

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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, 2003 and 2002, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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 our audits provide 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, 2003 and 2002, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 8, 2004, on our consideration of the Bureau's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 8, 2004

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

ASSETS

	2003		
	Governmental	General	Total
	Fund-Type	Fixed Asset	
General	Account Group		
Fund			
Cash and cash equivalents	553,902	\$ -	\$ 553,902
Cash - restricted for Josephine Exhibit	-	-	-
Cash - restricted	1,080,166	-	1,080,166
Taxes receivable	153,510	-	153,510
Accounts receivable	9,694	-	9,694
Receivables related to Josephine Exhibit	39,042	-	39,042
Prepaid expense	88,573	-	88,573
Property, plant and equipment	-	274,795	274,795
Total assets	\$ 1,924,887	\$ 274,795	\$ 2,199,682

LIABILITIES AND EQUITY

LIABILITIES

Accounts payable	220,520	\$ -	\$ 220,520
Accrued compensation	10,150	-	10,150
Other liabilities	1,848	-	1,848
Deferred revenue - events	-	-	-
Josephine Exhibit deferred revenue	-	-	-
Total liabilities	232,518	-	232,518

EQUITY AND OTHER CREDITS

Investment in general fixed assets	-	274,795	274,795
Fund balances:			
Reserved - prepaids	88,573	-	88,573
Unreserved	523,630	-	523,630
Board designated	1,080,166	-	1,080,166
Total equity and other credits	1,692,369	274,795	1,967,164
Total liabilities and equity	\$ 1,924,887	\$ 274,795	\$ 2,199,682

The accompanying notes are an integral part of these statements.



2002

2002		
Governmental Fund-Type	General	
General	Fixed Asset	
Fund	Account Group	Total
\$ 544,023	\$ -	\$ 544,023
208,838	-	208,838
968,642	-	968,642
191,366	-	191,366
19,965	-	19,965
-	-	-
71,907	-	71,907
-	240,881	240,881
<u>\$ 2,004,741</u>	<u>\$ 240,881</u>	<u>\$ 2,245,622</u>

\$ 124,150	\$ -	\$ 124,150
6,510	-	6,510
335	-	335
15,134	-	15,134
208,838	-	208,838
<u>354,967</u>	<u>-</u>	<u>354,967</u>

- 240,881 240,881

71,907	-	71,907
609,225	-	609,225
968,642	-	968,642
<u>1,649,774</u>	<u>240,881</u>	<u>1,890,655</u>
<u>\$ 2,004,741</u>	<u>\$ 240,881</u>	<u>\$ 2,245,622</u>



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND TYPE
YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>REVENUES</u>		
Tax revenue	2,191,672	\$ 2,321,250
Interest income	16,112	23,102
Advertising and promotion	22,120	11,871
Events hosting	7,220	16,678
Miscellaneous income	89,015	7,597
	<hr/>	<hr/>
Total revenues	2,326,139	2,380,498
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Salaries and performance based pay	736,767	643,314
Payroll taxes and benefits	175,639	156,776
Advertising and promotion	620,943	580,004
Trade shows and FAM/Site visits	110,602	106,249
Special promotions	164,084	77,698
General and administrative	361,400	451,115
Contribution to Baton Rouge Area Sports Foundation	75,000	75,000
Capital outlay	39,109	10,002
	<hr/>	<hr/>
Total expenditures	2,283,544	2,100,158
	<hr/>	<hr/>
Revenues in excess of expenditures	42,595	280,340
	<hr/>	<hr/>
Fund balance, beginning of year	1,649,774	1,369,434
	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 1,692,369</u>	<u>\$ 1,649,774</u>

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, 2003 AND 2002

	December 31, 2003		
	Actual	Budget	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Tax revenue	\$ 2,191,672	\$ 2,275,000	\$ (83,328)
Interest income	16,112	23,925	(7,813)
Service revenue	22,120	18,500	3,620
Events hosting	7,220	1,950	5,270
Miscellaneous	89,015	750	88,265
Total revenues	<u>2,326,139</u>	<u>2,320,125</u>	<u>6,014</u>
<u>EXPENDITURES</u>			
Salaries and performance based pay	736,767	739,522	2,755
Payroll taxes and benefits	175,639	200,219	24,580
Advertising and promotion	620,943	657,405	36,462
Trade shows and FAM / Site visits	110,602	129,450	18,848
Special promotions	164,084	277,000	112,916
General and administrative	361,400	450,599	89,199
Contribution to B. R. Area Sports Foundation	75,000	75,000	-
Capital outlay	39,109	29,500	(9,609)
Total expenditures	<u>2,283,544</u>	<u>2,558,695</u>	<u>275,151</u>
Revenues in excess of expenditures	42,595	(238,570)	281,165
Fund balance, beginning of year	<u>1,649,774</u>	<u>1,315,650</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,692,369</u>	<u>\$ 1,077,080</u>	<u>\$ 281,165</u>

The accompanying notes are an integral part of these statements.



December 31, 2002

Actual	Budget	Variance Favorable (Unfavorable)
\$ 2,321,250	\$ 2,211,663	\$ 109,587
23,102	33,000	(9,898)
11,871	12,250	(379)
16,678	16,100	578
7,597	8,200	(603)
<u>2,380,498</u>	<u>2,281,213</u>	<u>99,285</u>
643,314	703,561	60,247
156,776	178,753	21,977
580,004	593,225	13,221
106,249	119,455	13,206
77,698	84,250	6,552
451,115	488,828	37,713
75,000	75,000	-
10,002	9,700	(302)
<u>2,100,158</u>	<u>2,252,772</u>	<u>152,614</u>
280,340	28,441	251,899
<u>1,369,434</u>	<u>1,287,209</u>	<u>-</u>
<u>\$ 1,649,774</u>	<u>\$ 1,315,650</u>	<u>\$ 251,899</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, 2003 and 2002.

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 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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 Asset Account Group

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset 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.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Pronouncements Issued but Not Yet Adopted

In June 1999, the Government Accounting Standards Board (GASB) issued GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The most significant impact to the Bureau's financial statements will be:

- A Management Discussion and Analysis (MD&A) section providing analysis of the Bureau's financial position and results of operations
- Basis of accounting will be full accrual
- Fixed Assets will be depreciated

The general provisions of GASB 34 must be implemented by the Bureau no later than the fiscal year ending December 31, 2004.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

2. LEASE COMMITMENT

The Bureau leases its office building under an operating lease, which expires on December 31, 2004. At the end of the lease term, the Bureau has an option to extend the lease for two additional years, expiring December 31, 2006. Rent expense for the years ending December 31, 2003 and 2002 was \$69,200 and \$65,400, respectively. Future minimum lease payments if all options are exercised for 2004 are \$73,200, 2005 - \$75,600, and 2006 - \$78,000.

3. BOARD MEMBER COMPENSATION

The Board Members of the Bureau did not receive any compensation during 2003 or 2002.

4. RELATED PARTY TRANSACTIONS

The Bureau contributed \$75,000 to an organization related through common oversight authority during both 2003 and 2002.

The Bureau provided office space to an organization related through common oversight authority during both 2003 and 2002. This office space was provided free of charge to the related organization.

5. CASH AND INVESTMENTS

At year-end, the carrying amount of the Bureau's deposits was \$553,801 and \$752,605 and the bank balance was \$616,358 and \$858,793 at December 31, 2003 and 2002, respectively. Of the bank balance, \$100,000 was secured by federal depository insurance; \$512,776 and \$658,793 for 2003 and 2002, respectively, was secured by collateral held by the pledging bank's agent in the Bureau's name (GASB Category 2).

The Bureau also invested \$1,080,166 and \$968,642 at December 31, 2003 and 2002, respectively, in the Louisiana Asset Management Pool (LAMP), Inc. a local government investment pool. In accordance with GASB Codification Section I50.125, the investment in LAMP at December 31, 2003 and 2002 is not categorized in the three risk categories provided by GASB Codification Section I50.125 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. Only local government entities 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 in accordance with LSA - R.S. 33:2955. 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.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

5. CASH AND INVESTMENTS (continued)

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

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 investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and its board of directors. LAMP is not registered with the SEC as an investment company.

6. FIXED ASSETS

	2003			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment	\$ 240,881	\$ 16,403	(\$ 5,195)	\$ 252,089
Automobiles	-	22,706	-	22,706
	<u>\$ 240,881</u>	<u>\$ 39,109</u>	<u>(\$ 5,195)</u>	<u>\$ 274,795</u>
	2002			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment	\$ 230,879	\$ 10,002	\$ -	\$ 240,881
Automobiles	19,351	-	(19,351)	-
	<u>\$ 250,230</u>	<u>\$ 10,002</u>	<u>(\$ 19,351)</u>	<u>\$ 240,881</u>



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

7. DESIGNATED FUND BALANCE

The board has designated \$968,642 and \$901,666 of fund balance for special projects, operations, and building repairs. The restricted investments are separated into the following categories with the corresponding activity:

	<u>2003</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP – Special Project Fund	\$ 693,642	\$ 111,524	(-)	\$ 805,166
LAMP – Operations	225,000	-	(-)	225,000
LAMP – Building Repair Fund	50,000	-	(-)	50,000
	<u>\$ 968,642</u>	<u>\$ 111,524</u>	<u>(\$ -)</u>	<u>\$ 1,080,166</u>

	<u>2002</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP – Special Project Fund	\$ 626,666	\$ 66,976	(\$ -)	\$ 693,642
LAMP – Operations	225,000	-	(-)	225,000
LAMP – Building Repair Fund	50,000	-	(-)	50,000
	<u>\$ 901,666</u>	<u>\$ 66,976</u>	<u>(\$ -)</u>	<u>\$ 968,642</u>

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 21 years old. The Bureau contributed \$46,984 and \$40,465 for the years ended December 31, 2003 and 2002, respectively.

9. SIGNIFICANT EVENTS

Effective March 1, 2003, the Bureau entered into a Cooperative Endeavor Agreement with the Louisiana Art and Science Museum (LASM) and amended its Cooperative Endeavor Agreement between the Bureau and the Department of Culture, Recreation and Tourism (the Department), both of which relate to the exhibition of the Empress Josephine's life. The Josephine Exhibit was held in the LASM's facility from October 10, 2003 to February 1, 2004. The amount included in miscellaneous income, net of expenses incurred or paid for by the Bureau of approximately \$265,000 relating to the exhibition is approximately \$87,600 for the year ended December 31, 2003.



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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, 2003, and have issued our report thereon dated June 8, 2004. 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 *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 solely for the information and use of the audit committee, management and others within the organization, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 8, 2004