

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
FINANCIAL REPORT
DECEMBER 31, 2020

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU
Lake Charles, Louisiana

December 31, 2020

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SOUTHWEST LOUISIANA CONVENTION
AND VISITORS BUREAU

December 31, 2020

BOARD OF DIRECTORS

Rick Richard - Chairman
Jonathan Ringo - Vice Chairman
Willie Mount - Secretary/Treasurer
Mike Buckley
Lauren Cooper
Rob King
Mark Lavergne
Brent Lumpkin
Edwina Medearis
Kane Mitchell
Nick Zaver

PRESIDENT/CHIEF EXECUTIVE OFFICER

Kyle Edmiston

LEGAL COUNSEL

Robert Kleinschmidt - Assistant District Attorney
Scott Scofield - Attorney

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-14 and 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements. The introductory section and the schedule of compensation, benefits and other payments to President/CEO are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to President/CEO is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to President/CEO is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 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 grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and compliance.


Lake Charles, Louisiana
June 25, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Southwest Louisiana Convention and Visitors Bureau's financial performance provides an overview of the Southwest Louisiana Convention and Visitors Bureau's financial activities for the year ended December 31, 2020.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Southwest Louisiana Convention and Visitors Bureau as a whole and present a longer-term view of the Southwest Louisiana Convention and Visitors Bureau's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Bureau's operations in more detail than the government-wide statements by providing information about the Bureau's most significant funds. The remaining statements provide financial information about activities for which the Bureau acts solely as an agent for the benefit of those outside the government.

Reporting the Southwest Louisiana Convention and Visitors Bureau as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Bureau's finances is, "Is the Bureau better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Bureau's net position - the difference between assets and liabilities - as one way to measure the Bureau's financial position. Over time, increases and decreases in the Southwest Louisiana Convention and Visitors Bureau's net position are one indicator of whether its financial health is improving or deteriorating.

Reporting the Bureau's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Bureau as a whole. Some funds are required to be established by law. However, the Bureau establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money. Southwest Louisiana Convention and Visitors Bureau's governmental fund uses a certain account approach described below:

Governmental funds - All of the Bureau basic services are reported in governmental funds, except for one fiduciary fund. The governmental fund focuses on how money flows into and out of those funds and the balance left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Bureau's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Bureau programs.

Reporting the Bureau's Fiduciary Responsibilities

The Bureau is the agent, or fiduciary for the deferred compensation plan. All the Bureau's fiduciary activities are reported in separate Statement of Fiduciary Net Position. We exclude these activities from the Bureau's other financial statements because the Bureau cannot use these assets to finance its operations. The Bureau is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Bureau as a Whole

For the year ended December 31, 2020, net position changed as follows:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 9,902,444	\$ 8,572,483
Capital assets	<u>3,393,378</u>	<u>3,893,368</u>
Total assets	<u>13,295,822</u>	<u>12,465,851</u>
Deferred outflows of resources	-	-
Long-term debt outstanding	1,515,000	1,670,000
Cooperative endeavor agreement	-	-
Other current liabilities	<u>1,567,672</u>	<u>1,064,300</u>
Total liabilities	<u>3,082,672</u>	<u>2,734,000</u>
Net position:		
Net investment in capital assets	1,878,378	2,223,368
Unrestricted	<u>8,334,772</u>	<u>7,508,183</u>
Total net position	<u>\$ 10,213,150</u>	<u>\$ 9,731,551</u>

The following table provides a summary of the Bureau's change in net position:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Program revenues:		
Occupancy tax	\$ 6,591,321	\$ 8,036,963
Advertising	145,909	170,441
Insurance proceeds	480,789	-
Gift shop	18,024	62,020
General revenues:		
Interest	92,472	130,447
Miscellaneous	1,439	1,414
Total revenues	<u>7,329,954</u>	<u>8,401,285</u>
Program expenses:		
Salaries and benefits	1,945,472	2,091,184
Advertising, sales and promotions	1,927,213	3,162,266
Grants	236,640	413,329
Other program expenses	1,602,249	2,107,019
Building restoration expenses	518,175	-
Interest	64,127	67,677
Depreciation	157,174	162,401
(Gain) loss on sale of assets	397,305	(21,531)
Total expenses	<u>6,848,356</u>	<u>7,982,345</u>
Increase in net position	481,599	418,940
Net position - beginning	<u>9,731,551</u>	<u>9,312,611</u>
Net position - ending	<u>\$ 10,213,150</u>	<u>\$ 9,731,551</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed on top with revenues from that particular program reported below. The result is a Net (Expense)/Revenue. It also identifies how much each function adds to the general revenues or if it is self-financing through fees.

The following table presents the cost of the Bureau's programs, including the net cost (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial benefit that was provided to the Bureau by this function.

	<u>Total Cost of Services</u>		<u>Net Benefit of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Culture and recreation	<u>\$ 5,631,432</u>	<u>\$ 6,454,266</u>	<u>\$(4,968,710)</u>	<u>\$(6,221,805)</u>
Economic development	<u>\$ 100,000</u>	<u>\$ 250,000</u>	<u>\$ (100,000)</u>	<u>\$ (250,000)</u>

The Bureau's Funds

The following schedule presents a summary of the special revenue funds and expenditures for the years ended December 31, 2020 and 2019. Also presented on the schedule is the amount and percentage of increase or decrease from amounts for the year ended December 31, 2020.

	<u>Totals</u>		<u>Change from 2019</u>	<u>% Variance</u>
	<u>2020</u>	<u>2019</u>		
Revenues:				
Occupancy tax	\$ 6,591,321	\$ 8,036,963	\$(1,445,642)	-17.99%
Interest and dividends	92,472	130,447	(37,975)	-29.11%
Gift shop	18,024	62,020	(43,996)	-70.94%
Cooperative advertising	145,909	170,441	(24,532)	-14.39%
Proceeds on sale of assets	-	22,533	(22,533)	-100.00%
Miscellaneous	1,439	1,414	25	1.80%
Total revenues	<u>\$ 6,849,165</u>	<u>\$ 8,423,818</u>	<u>\$(1,574,652)</u>	-18.69%
Expenditures:				
Advertising, sales and promotions	\$ 1,927,213	\$ 3,162,266	\$(1,235,052)	-39.06%
Personnel services, taxes and benefits	1,945,472	2,091,184	(145,712)	-6.97%
Accounting	20,500	21,000	(500)	-2.38%

(continued on next page)

	Totals		Change from 2019	% Variance
	2020	2019		
Automobile	9,997	9,253	744	8.04%
Building maintenance	78,141	116,340	(38,200)	-32.83%
Equipment contracts	88,080	131,464	(43,385)	-33.00%
Gift shop	8,592	37,754	(29,162)	-77.24%
Insurance-general	146,129	123,174	(22,955)	18.64%
Legal/professional fees	37,081	118,893	(81,811)	-68.81%
Miscellaneous	1,064	5,916	(4,852)	-82.02%
Office	12,340	26,462	(14,121)	-53.37%
Utilities	29,233	33,894	(4,852)	-82.02%
Vending	296	936	(640)	-68.38%
Grants	236,640	413,329	(176,689)	-42.75%
Capital outlay	54,489	111,182	(56,693)	-50.99%
Economic development	100,000	250,000	(150,000)	-60.00%
Intergovernmental	1,070,796	1,231,933	(161,137)	-13.08%
Bond retirement	155,000	155,000	-	0.00%
Interest expense	64,127	67,677	(3,550)	-5.25%
Total expenditures	<u>\$ 5,985,190</u>	<u>\$ 8,107,657</u>	<u>\$(2,122,466)</u>	-26.18%

Revenue:

Revenue decreased from prior year as a result of the following:

- Occupancy tax was down 17.99% in the second and third quarters due to the economic effects of COVID-19 as well as closure of hotel properties. This was offset by a slight recovery in the fourth quarter due to increased occupancy from Hurricane Laura and Delta with those assisting in recovery efforts and those displaced from the storms filling available hotel rooms.
- Interest and dividends decreased from 29.11% due to decreased interest rates.
- Gift Shop revenue decreased 70.94% with the closure of both visitor centers for COVID-19 as well as Hurricanes Laura and Delta.
- Gain on sale of assets decreased by 100% due to prior year sale of two company vehicles.

Expenses:

Expenses decreased from prior year mainly due to:

- Advertising, sales and promotions decreased 39.06%. This decrease relates to the effects of COVID-19 halting the advertising campaigns due to the decline in drive market visitation as well as major programs cancelled or postponed due to meeting restrictions. In the fall of 2020 two hurricanes hit Southwest Louisiana further delaying programing as hotels were filled with residents, emergency workers, insurance companies and volunteers.
- Personnel services and taxes decreased 6.97% with the temporary furlough of non-essential staff in the fourth quarter due to COVID-19 restrictions with Hurricanes Laura and Delta causing major damage to the main office forcing operations to smaller satellite office as well as limiting programing operations.
- Building maintenance decreased 33% due to lower operating costs with office closures for COVID-19 and Hurricanes Laura and Delta.
- Equipment contracts decreased 33% due to annual website subscriptions being reclassified to Media Production.
- Gift Shop decreased 77.24% with reduced purchase of inventory due to the closure of both visitor centers for COVID-19 as well as Hurricanes Laura and Delta.
- Insurance increased 18.64% due to increased policy premiums and increased property coverage.
- Legal and professional decreased 68.81% due to prior year services for professional sales consultant for the Texas Market; as well as legal services for review of Employee Office Policy and legislation to redefine hotel definition with respect to hotel occupancy tax levied.
- Office decreased 53.37% due to decreased supply expenditures with the office closures for COVID-19 and two major hurricanes.
- Grants decreased 42.75% with the cancellation of events due to Covid-19 and Hurricanes Laura & Delta.
- Capital outlay decreased 50.99% which relates to the prior year replacement of the air conditioning units in the Lake Charles office, and purchase of a vehicle and enclosed trailer; offset by current year purchases of a vehicle, office furniture, pit and generator for outdoor events.
- Economic development decreased 60% due to prior year final payment on the cooperative endeavor agreement for the construction of the Cove Lane Project; offset by the cooperative endeavor agreement for McNeese Baseball Facilities Project.
- Intergovernmental expense decreased 13.08% with decreased collections of Act 608 1% Occupancy Tax due to the closure of hotel properties from the effects of COVID-19 and Hurricanes Laura and Delta.

Significant Budget Variances

Over the course of the year, the Bureau revised the special revenue fund budget one time. This amendment was done at year-end as a response to the effects of COVID-19 Pandemic and Hurricanes Laura and Delta. These amendments decreased budget revenues by \$2,010,750 and expenditures by \$2,536,750. The spread of COVID-19 and the subsequent quarantine and closures of businesses affected the tourism industry tremendously. As hotels closed, a downturn of revenue was experienced in the first and second quarters of 2020. Due to the reduced revenue the operating budget was reduced across all categories to accommodate revenue losses. The impacts of both Hurricanes Laura and Delta to Southwest Louisiana significantly reduced the hotel inventory; however, a slight increase of revenue was experienced with the housing of recovery workers and displaced citizens. The economic impacts of these disasters led to the reduction of programming and operational expenditures.

Capital Assets

At the end of December 31, 2020 and 2019, the Bureau had \$3,393,378 and \$3,893,368, respectively, in capital assets. See Note 3 for additional information about changes in capital assets during the year. The following table provides a summary of capital asset activity:

Capital Assets (net of depreciation)	<u>2020</u>	<u>2019</u>
Land and construction in progress	\$ 403,260	\$ 403,260
Building	2,860,788	3,371,102
Transportation equipment	85,818	53,050
Furniture and fixtures	<u>43,512</u>	<u>65,956</u>
	<u>\$ 3,393,378</u>	<u>\$ 3,893,368</u>

Long-Term Debt

At the end of the fiscal year, the Bureau had total bonded debt outstanding of \$1,515,000, a decrease of \$155,000 from last year as follows:

Outstanding Debt at Year-End

	Governmental Activities	
	2020	2019
Revenue bonds (backed by specific tax and fee revenues)	<u>\$ 1,515,000</u>	<u>\$ 1,670,000</u>

See Note 4 for additional information.

Economic Factors

The hotel occupancy revenue experienced an overall decline with the significant economic effects caused by the COVID-19 Pandemic to the tourism industry beginning in March 2020 with quarantines, meeting restrictions and a decrease in occupancy due to the closure of hotels. With this downturn, advertising was halted as well as major programs were cancelled or postponed.

In the fall of 2020 two major hurricanes, Laura and Delta, severely impacted Southwest Louisiana with massive destruction to businesses and residences. The consequences of housing needs for recovery workers, contractors and displaced citizens contributed to a slight revenue increase experienced in the fourth quarter. The Visitor Center also suffered major damages in which restoration began in 2020 and continues into 2021.

Contacting the Bureau's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Bureau's finances and to show the Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bureau's office at 1205 North Lakeshore Drive; Lake Charles, Louisiana.

Kyle Edmiston, President/Chief Executive Officer

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET POSITION
December 31, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 8,228,478
Investments	416,144
Accounts receivable	507,896
Insurance receivable	480,789
Interest receivable	97,162
Prepaid expenses	152,408
Other receivables	<u>19,567</u>
Total current assets	<u>9,902,444</u>
NONCURRENT ASSETS	
Capital assets not being depreciated:	
Land	403,260
Capital assets, net of accumulated depreciation	<u>2,990,118</u>
Total noncurrent assets	<u>3,393,378</u>
Total assets	<u>13,295,822</u>
CURRENT LIABILITIES	
Accounts payable	1,074,977
Accrued liabilities	49,661
Accrued interest	26,890
Deferred compensation benefits	<u>416,144</u>
Total current liabilities	<u>1,567,672</u>
NONCURRENT LIABILITIES	
Bonds payable:	
Due in one year	165,000
Due in more than one year	<u>1,350,000</u>
Total liabilities	<u>3,082,672</u>
NET POSITION	
Net investment in capital assets	1,878,378
Unrestricted	<u>8,334,772</u>
Total net position	<u>\$ 10,213,150</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Net Revenue (Expense)</u>
Governmental activities:				
Culture and recreation	\$ 5,613,432	\$ 18,024	\$ 626,698	\$ (4,968,710)
Economic development	100,000	-	-	(100,000)
Interest on long-term debt	<u>64,127</u>	<u>-</u>	<u>-</u>	<u>(64,127)</u>
Total governmental activities	<u>\$ 5,777,559</u>	<u>\$ 18,024</u>	<u>\$ 626,698</u>	(5,132,837)
General revenues:				
Occupancy tax				6,591,321
Interest				92,472
Intergovernmental expense				(1,070,796)
Miscellaneous				<u>1,439</u>
Total general revenues				<u>5,614,436</u>
Change in net position				481,599
Net position - beginning				<u>9,731,551</u>
Net position - ending				<u>\$ 10,213,150</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 8,228,478
Investments	416,144
Accounts receivable	507,896
Interest receivable	97,162
Prepaid expenses	152,408
Other receivables	<u>19,567</u>
Total assets	<u>\$ 9,421,655</u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accounts payable	\$ 556,802
Accrued liabilities	49,661
Accrued interest	26,890
Deferred compensation benefit	416,144
Total liabilities	<u>1,049,497</u>
Fund equity:	
Fund balance:	
Committed	6,544,058
Unassigned	<u>1,828,100</u>
Total fund equity	<u>8,372,158</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds, consisting of:	
Land and construction in progress	403,260
Capital assets, net of \$1,528,886 accumulated depreciation	<u>2,990,118</u>
	3,393,378

Some revenues were collected more than sixty days after year end and, therefore, are not available soon enough to pay for current period expenditures.	480,789
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Some payables do not meet the criteria for reporting under the modified accrual basis of accounting and are not reported in the fund level statements.	(518,175)
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds	<u>(1,515,000)</u>
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Net position of government activities	<u>\$ 10,213,150</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2020

Revenues:	
Occupancy tax	\$ 6,591,321
Interest, dividends	92,472
Gift shop	18,024
Advertising revenues	145,909
Miscellaneous	1,439
Total revenues	<u>6,849,165</u>
Expenditures:	
Current:	
Culture and recreation	4,540,778
Economic development	100,000
Intergovernmental	1,070,796
Capital outlay	54,489
Debt service:	
Principal	155,000
Interest	64,127
Total expenditures	<u>5,985,190</u>
Excess of expenditures over revenues	863,975
Fund balance - beginning	<u>7,508,183</u>
Fund balance - ending	<u>\$ 8,372,158</u>

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SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS

Year Ended December 31, 2020

(Continued)

Reconciliation of the change in fund balances -
total governmental funds to the change in net
position of governmental activities:

Net change in fund balances-total governmental funds	\$ 863,975
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay while
governmental activities report depreciation
expense to allocate those expenditures over
the life of the assets:

Impairment of capital assets	(397,305)
Capital asset purchases capitalized	54,489
Depreciation expense	<u>(157,174)</u>
	(499,990)

Because some revenues will not be collected for several months after year end, they are not considered "available" revenues in the governmental funds	480,789
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(518,175)
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The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Bond principal payments	<u>155,000</u>
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Change in net position of governmental activities	<u>\$ 481,599</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
December 31, 2020

ASSETS

Investments	<u>\$ 1,369,783</u>
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LIABILITIES

Deferred compensation benefits	<u>\$ 1,369,783</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 Year Ended December 31, 2020

ADDITIONS	
Employee and employer contributions	\$ 333,402
Net appreciation in fair value of investments	193,416
Dividend earnings	<u>25,697</u>
Total additions	<u>552,515</u>
DEDUCTIONS	
Withdrawals	65,925
Fund transfers	1,751
Fees	9,351
Net depreciation in fair value of investments	-
Total deductions	<u>77,027</u>
Change in net position	475,488
Net position held in agency funds:	
Beginning of year	<u>894,295</u>
End of year	<u>\$ 1,369,783</u>

The accompanying notes are an integral part of these 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.

C. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Net Position and the Statement of Activities report financial information for the Bureau as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) grants received from state and local governments used to promote Southwest Louisiana; and (2) 4% occupancy tax revenue. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Southwest Louisiana Convention and Visitors Bureau use 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:

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.

One capital project fund type, a capital project fund used to account for resources restricted, committed or assigned for capital acquisition or construction of capital facilities and other capital assets.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) 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 government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide 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 modified accrual basis of accounting, utilizing the following practices:

Revenues:

Revenues collected in the current period that was 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, 2020 amounted to \$1,927,213.

Pervasiveness of 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 assets and 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.

Deferred outflows of resources and deferred inflows of resources:

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Net position flow assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Director and the budget committee 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. The Board must approve any revisions. 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, 2020, budgeted amounts for revenues were decreased \$2,010,750 and expenditures were decreased \$2,536,750. Revenues decreased due to ongoing effects of Covid-19. Expenditures decreased due to lower occupancy tax collected. Encumbrance accounting is not used.

F. DEPOSITS AND INVESTMENT DEPOSITS

DEPOSITS

Deposits include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Bureau.

State statutes authorize the Bureau to invest in obligations of the US Treasury, US Government Agencies, 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, as stipulated in R.S. 39:1271, or any other federally insured investment. 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 generates a local government investment pool. Investments in LAMP at December 31, 2020 totaled \$693,555.

Credit Risk. 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 the 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, 2020 are as follows:

December 31, 2020	<u>Demand Deposits</u>
Carrying amount	\$ 7,534,573
Bank balances:	
a. Federally insured	\$ 500,000
b. Collateralized by securities held by the pledging financial institution	7,039,530
c. Uncollateralized and uninsured	<u>-</u>
Total bank balances	\$ <u>7,539,530</u>

INVESTMENTS

As of December 31, 2020, the Bureau had the following investments and maturities.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>
Merrill Lynch-mutual fund portfolio	\$ 416,144	\$ 416,144

Interest Rate Risk. The Bureau does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Bureau's investments program is limited to purchases of securities issued or guaranteed by the U.S. Government and its agencies.

G. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or what historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than building	5 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

H. COMPENSATED ABSENCES

The Bureau has the following policy related to paid time off:

The cost of current paid time off is recognized as current year expenditures when leave is actually taken. Paid time off can accrue up to 30 days from year to year.

I. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2020, as all receivables were considered collectible.

J. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of uncollected occupancy tax assessments.

Note 2. 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 3. Capital Assets

Capital asset activity for the year ending December 31, 2020 was as follows:

	Balance <u>1/1/20</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/20</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 403,260	\$ -	\$ -	\$ 403,260
Capital assets being depreciated:				
Building and grounds	4,390,577	-	397,305	3,993,272
Furniture and equipment	343,220	5,587	-	348,807
Transportation equipment	128,023	48,902	-	176,925
Total capital assets being depreciated	<u>4,861,820</u>	<u>54,489</u>	<u>397,305</u>	<u>4,519,004</u>
Less accumulated depreciation:				
Building and grounds	1,019,475	113,009	-	1,132,484
Furniture and equipment	277,264	28,031	-	305,295
Transportation equipment	74,973	16,134	-	91,107
Total accumulated depreciation	<u>1,371,712</u>	<u>157,174</u>	<u>-</u>	<u>1,528,886</u>
Total capital assets being depreciated, net	<u>3,490,108</u>	<u>(102,685)</u>	<u>397,305</u>	<u>2,990,118</u>
Government activities capital assets, net	<u>\$ 3,893,368</u>	<u>\$ (102,685)</u>	<u>\$ 397,305</u>	<u>\$ 3,393,378</u>

Depreciation expense of \$157,174 was charged to culture and recreation.

Impairment of Capital Assets

On August 27, 2020, the Bureau suffered significant damage to its primary location as a result of Hurricane Laura. Its building sustained almost a million dollars of damage. The calculated impairment loss on the building as prescribed by GASB Codification section 1400 was \$397,305. The impairment loss is presented as a reduction in the value of capital assets on the Statement of Position and as an additional program expense for "Culture and recreation" on the Statement of Activities.

The carrying value of the Bureau's building was reduced from \$1,231,227 to \$833,922 as of December 31, 2020.

Note 4. Noncurrent Liabilities

Bonds payable is comprised of the following at December 31, 2020:

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Series 2013 payable to Argent Trust Company in the original amount of \$2,500,000 bearing 3.874%, payable semi-annually on August 1 (interest) and February 1 (principal and interest) each year. \$ 1,515,000

Summary of changes in bonds payable:

	Balance			Balance	Due
	<u>12/31/19</u>	Additions	Retirements	<u>12/31/20</u>	Within One
					<u>Year</u>
LCDA Revenue Bonds Series					
2013	\$ 1,670,000	\$ -	\$ 155,000	\$ 1,515,000	\$ 165,000

Annual debt service requirements to maturity of the bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>LCDA Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 165,000	\$ 55,495
2022	170,000	49,006
2023	180,000	42,227
2024	185,000	35,157
2025	190,000	27,893
2026-2028	<u>625,000</u>	<u>36,900</u>
Total	<u>\$ 1,515,000</u>	<u>\$ 246,677</u>

Note 5. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 2020.

Note 6. Equity

The Southwest Louisiana Convention and Visitors Bureau in accordance with GASB No. 54, classifies governmental fund balances as follows:

Non-spendable -
includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted -

includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

Committed -

includes fund balance amounts that are constrained for specific purposes which are internally imposed by the government through formal action of the highest level of decision making authority (the Board of Directors) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

Assigned -

includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Executive Director.

Unassigned -

includes positive fund balance which has not been classified within the above mentioned categories.

The Bureau requires restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

Vehicle fund	\$ 88,032
Major expenditure fund	576,824
Sports war chest fund	141,215
Emergency operations fund	3,737,322
Port wonder project fund	999,721
Major event fund	503,399
McNeese project fund	<u>497,545</u>
	<u>\$ 6,544,058</u>

The Bureau has a formal minimum fund balance policy.

Net Position

Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Note 7. Occupancy Tax

Act 47 of the Louisiana Legislature authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect a 4% 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 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.

Act 608 of the Louisiana Legislature amended Act 47 and authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect an additional one percent hotel and motel occupancy tax and to provide for the distribution to the governing authority or authorities of the parish or municipalities within its territories in which a hotel or motel is located. A cooperative endeavor agreement has been entered into with the governing authorities and said authorities will use the proceeds for promoting and funding programs that enhance visitation, tourism, and economic development, and for infrastructure improvements. The Bureau retains 5% of the additional 1% and has dedicated to the Project Enhancement Grant Program.

Note 8. Accounts Receivable

Accounts receivable balances are comprised of occupancy tax amounts collected in 2020 but remitted to the Bureau in January and February of 2020. Total occupancy tax receivable for 2020 is \$450,446.

Note 9. 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.

Empower Retirement is managing the 457 plan. The employee makes the choice of the investment options for the Section 457 plan.

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

Note 10. Fair Value

The Bureau categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Bureau had the following recurring fair value measurements as of December 31, 2020:

Governmental Activities

Investments reported at fair value in the Bureau's governmental activities consist of investments held by the model Rabbi trust described in Note 9. The investments are shown as assets on the Bureau's Statement of Net Position and Balance Sheet along with corresponding liabilities on each statement as they are held on behalf of the trust's beneficiary. The investments consist of money market and mutual funds. Money market investments of \$12,778 are not subject to fair value measurement. The remainder of the balance consists of mutual funds which are traded on active markets and are considered level 1 investments.

Investments by Fair Value Level	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Units (Level 3)
Mutual funds:				
World Allocation funds	\$ 147,614	\$ 147,614	\$ -	\$ -
Large Value funds	18,283	18,283	-	-
Large Blend funds	37,794	37,794	-	-
Bond funds	<u>199,675</u>	<u>199,675</u>	-	-
	<u>\$ 403,366</u>	<u>\$ 403,366</u>	<u>\$ -</u>	<u>\$ -</u>

Fiduciary Activities

Investments reported at fair value on the Bureau's Statement of Net Position - Fiduciary Funds consist of investments held by the Bureau's 457 plan, described in Note 9, on behalf of its employees. The investments are not included on the Bureau's basic financial statements and instead are shown on its fiduciary statements. The investments consist entirely of mutual funds which are traded on active markets and are considered level 1 investments.

Investments by Fair Value Level	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Units (Level 3)
Mutual funds:				
Large Cap Growth funds	\$ 425,658	\$ 425,658	\$ -	\$ -
Large Cap Value funds	1,926	1,926	-	-
Mid Cap Blend funds	94,264	94,264	-	-
Large Cap Blend funds	342,055	342,055	-	-
Small Cap Blend funds	97,067	97,067	-	-
Bonds funds	18,070	18,070	-	-
Diversified Emerging Markets funds	66,076	66,076	-	-
Fixed account funds	5,264	5,264	-	-
Real estate	3,762	3,762	-	-
US Fund allocation - 50% to 70% equity	83,643	83,643	-	-
US Fund allocation - 30% to 50% equity	64,655	64,655	-	-
US Fund intermediate government	7,585	7,585	-	-
US Multi-Sector bond	114,340	114,340	-	-
US Fund intermediate core-plus bond	45,419	45,419	-	-
	<u>\$ 1,369,783</u>	<u>\$ 1,369,783</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12. Risks and Uncertainties

During 2020, the Bureau was significantly impacted by the COVID-19 pandemic as the country's tourism and hospitality industry was essentially shut down for nearly nine months of the year. Additionally, Southwest Louisiana was decimated by two major Hurricanes in the fall of 2020 which caused significant disruption to the local economy and widespread property damage in the region including the Bureau's own facilities. These events have impacted the Bureau's team members, suppliers and vendors and the total financial impact cannot be calculated.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedules - Special Revenue Fund

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL
 SPECIAL REVENUE

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Occupancy tax	\$ 8,225,000	\$ 6,400,000	\$ 6,591,321	\$ 191,321
Interest, dividends	71,000	81,000	92,472	11,472
Gift shop	60,000	18,000	18,024	24
Advertising revenues	257,750	115,000	145,909	30,909
Miscellaneous	1,500	500	1,439	939
Proceeds on sale	10,000	-	-	-
Total revenues	<u>8,625,250</u>	<u>6,614,500</u>	<u>6,849,165</u>	<u>234,665</u>
Expenditures:				
Current:				
Culture and recreation	6,980,250	4,886,500	4,540,778	345,722
Economic development	100,000	100,000	100,000	-
Intergovernmental	1,354,000	950,000	1,070,796	(120,796)
Capital outlay	119,000	80,000	54,489	25,511
Debt service:				
Principal	155,000	155,000	155,000	-
Interest	64,000	64,000	64,127	(127)
Total expenditures	<u>8,772,250</u>	<u>6,235,500</u>	<u>5,985,190</u>	<u>250,310</u>
Net change in fund balance	(147,000)	379,000	863,975	484,975
Fund balances - beginning	<u>7,508,183</u>	<u>7,508,183</u>	<u>7,508,183</u>	-
Fund balances - ending	<u>\$ 7,361,183</u>	<u>\$ 7,887,183</u>	<u>\$ 8,372,158</u>	<u>\$ 484,975</u>

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO PRESIDENT/CEO
Year Ended December 31, 2020

Agency Head Name: Kyle Edmiston, President/CEO

Purpose	Amount
Salary	\$ 212,694
Benefits - insurance	29,220
Benefits - retirement	32,600
Vehicle provided by government	568
Travel	4,864
Conference travel	1,591
Continuing professional education	1,975
Cell phone	1,800

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS 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, 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, the financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Southwest Louisiana Convention and Visitors Bureau's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southwest Louisiana Convention and Visitors Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southwest Louisiana Convention and Visitors Bureau's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that

a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Directors, management, federal agencies and the Legislative Auditor of the State of Louisiana. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mr. Troy Quil & Burch

Lake Charles, Louisiana
June 25, 2021

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2020

No findings to report.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2020

2019-001 Misuse of Public Funds

Condition: At the retirement of the Bureau's former executive director, the Bureau misinterpreted the individual's employment contract. As a result of this error, the individual was paid a termination payment which represented time not worked.

Criteria: The funds of a political subdivision shall not be loaned, pledged or donated to any person. (Louisiana Constitution of 1974 Art. VII section 14. Donation, Loan or Pledge of Public Credit)

Effect: The termination payment paid to the former Executive Director represents a loan or donation to the individual.

Recommendation: The Bureau should take appropriate action to recover all amounts improperly paid to the individual.

Response: The District took the recommended action and received reimbursement from the individual on June 23, 2020, in the amount of \$67,137. This finding is resolved.