
VISIT BATON ROUGE

FINANCIAL REPORT

DECEMBER 31, 2020

VISIT BATON ROUGE

FINANCIAL REPORT

DECEMBER 31, 2020

CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Management's Discussion and Analysis	4 - 9
<u>BASIC FINANCIAL STATEMENTS</u>	
Governmental Funds Balance Sheet and Statement of Net Position	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	13
Notes to Financial Statements	14 - 24
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Schedule of Funding Progress and Employer Contributions for Other Post-employment Benefit Plan	25
Budgetary Comparison Schedule – General Fund	26
<u>OTHER SUPPLEMENTAL INFORMATION</u>	
Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer	27
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 <i>Government Auditing Standards</i>	28 – 29



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Visit Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Visit Baton Rouge (VBR) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise VBR'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 and the standards applicable to financial audits contained in *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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Visit Baton Rouge 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 management's discussion and analysis, schedule of funding progress and employer contributions for other post-employment benefit plan, and the budgetary comparison information on pages 4-9, 25, and 26, respectively, 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Visit Baton Rouge basic financial statements. The schedule of compensation, benefits and other payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to the Chief Executive Officer 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 the Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021 on our consideration of VBR's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 VBR's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 21, 2021

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

This section of Visit Baton Rouge's (VBR) annual financial report presents our discussion and analysis of VBR's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with VBR's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- VBR's net position was \$5,874,899 consisting of the general fund at December 31, 2020, an increase of 1.2% from net position as of December 31, 2019 of \$5,804,836.
- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. As a direct result of the outbreak, statewide restrictions on travel and limitations on building occupancy were put in place by the Governor in March 2020 and remained throughout the year, which negatively impacted operations.
- Due to COVID-19, VBR also ceased all business travel and reduced operating expenses in an effort to lower expenditures. Effective May 1, 2020, VBR discontinued the employer contribution to the retirement plan, discontinued the monthly cell phone reimbursements and approved freezing any salary increases during the fiscal year.
- The overall increase in VBR's net position of \$70,063 can be attributed primarily to an operating surplus in the general fund that resulted from revenues exceeding expenditures in the current year due to adjustments made to revised budgets related to COVID pandemic and reduction of expenses related to the pandemic.
- The general fund ended the years 2020 and 2019 with a \$5,173,319 and \$5,065,548 fund balance which represents approximately 136% of annual expenditures each year. Of that balance, \$1,783,080 and \$1,628,065, respectively, was unassigned and available for general use.
- VBR received grant funds (BP Grant Funds) of \$102,869 in 2019 from BP related to the 2010 Deepwater Horizon oil spill in the Gulf of Mexico to sponsor events in the Baton Rouge area to increase tourism. This funding was used to purchase billboard advertisements. The funds were recorded in a special revenue fund during 2019. VBR did not receive any BP Grant funds for the year ended 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of VBR:

- The government-wide financial statement of net position and statement of activities provide long-term information about VBR's overall financial status and economic condition.
- The fund financial statements focus on the general fund and the special revenue fund of VBR. These financial statements provide a short-term picture of VBR's financial condition, telling how VBR fared in meeting its current operating needs, and how much is available for future spending.
- The statement of fiduciary assets and liabilities present financial information relative to assets held by VBR on behalf of City of Baton Rouge and Parish of East Baton Rouge (the City-Parish).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Government-wide Financial Statements

The government-wide statements report information about VBR as a whole using accounting methods similar to those used by private-sector companies. The government-wide statements report VBR's net position and how they have changed. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Net position — the difference between VBR's assets and liabilities — is one way to measure VBR's financial health, or position. Over time, increases or decreases in VBR's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of VBR, one needs to consider additional nonfinancial factors such as changes in the tourism climate that affects VBR's hotel/motel tax revenues, and the local economy.

Fund Financial Statements

The fund financial statements present VBR's funds – the general fund and the special revenue fund (BP in 2019). Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. VBR's general fund is a governmental-type fund and, as such, follow the modified accrual basis of accounting. Under this accounting basis, the focus is on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, governmental fund statements provide a detailed short-term view that helps one determine whether there are more or less financial resources that can be spent in the near future to finance VBR's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide adjustment columns to bridge the differences between the two statements and to provide explanations of the relationship.

FINANCIAL ANALYSIS OF VBR

Table A-1		
Net Position		
	2020	2019
Current and other assets	\$ 5,384,985	\$ 5,461,799
Capital assets	1,329,499	1,354,312
Deferred outflow	292,149	30,329
Total assets and deferred outflows	7,006,633	6,846,440
Current liabilities	211,666	396,251
Long term liabilities	910,806	635,429
Deferred inflow	9,262	9,924
Total liabilities and deferred inflows	1,131,734	1,041,604
Net position		
Net investment in capital assets	914,699	904,312
Unrestricted	4,960,200	4,900,524
Total net position	\$ 5,874,899	\$ 5,804,836

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF VBR (continued)

A substantial portion of the assets of VBR are liquid and generally available for spending. Current assets are comprised primarily of cash, LAMP funds and receivables. Amounts invested in capital assets consist primarily of a renovated office building, office furniture and vehicles.

Change in net position

VBR's change in net position, or overall net gain, was \$70,063. The change in net position results from revenues exceeding expenses. The minimal net gain is primarily attributable to VBR reducing expenses related to the decline in the tourism industry due to the impacts of the pandemic which caused a 31.7% decline in hotel-motel tax revenue.

Hotel-Motel taxes of \$3,889,475 reflect a 31.7% decrease over 2019 revenues. Revenues for the year ended 2020 decreased due to the COVID pandemic halting tourism and travel among patrons during the stay at home order by the Governor. Even as restrictions were lifted and the area saw an increase in patrons that were displaced by hurricanes, the hotel-motel occupancy levels remained at an overall low due to the pandemic as the result of cancelled events and lack of business and personal travel. Hotel-Motel taxes represent 99.2% and 96.4% of total revenues for 2020 and 2019, respectively.

Table A-2 shows the composition of revenues and summarizes the expenses for the years ended 2020 and 2019.

Table A-2		
Changes in VBR's		
Net Position		
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ -	\$ -
BP grants	-	102,869
Total program revenues	-	102,869
General revenues		
Hotel-Motel taxes	3,889,475	5,696,642
Interest	27,146	93,376
Miscellaneous	4,237	16,123
Total general revenues	3,920,858	5,806,141
Total revenues	3,920,858	5,909,010
Expenses		
Payroll	1,656,170	1,814,193
Promotions	1,406,683	2,699,432
General and Administrative	631,726	694,001
City tax rebates (see footnote 11)	108,716	148,195
BP grant expenses	-	152,869
Contributions- other organizations	47,500	95,000
Total expenses	3,850,795	5,603,690
Increase in net position	\$ 70,063	\$ 305,320

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Change in net position (continued)

Payroll and promotional activities together represent 80% and 81% of total expenses in 2020 and 2019, respectively, underscoring the importance of quality employees to promote and sell Baton Rouge as a tourism and convention destination.

Financial Analysis of the General Fund

VBR completed the years ended 2020 and 2019 with a general fund balance of \$5,173,319 and \$5,065,548, respectively. Of the 2020 fund balance, \$3,309,942 has been set-aside by the Board for various functions, \$80,297 has been disbursed and is recorded as a prepaid asset, and \$1,783,080 is available for general use. The unassigned fund balance is the result of an accumulation of prior year operating surpluses and will allow VBR to continue operations in times of decreasing revenue and to pursue other projects as it may deem appropriate.

General Fund Budgetary Highlights

Under the budget, the general fund operated at a net surplus of \$107,771 which was \$930,439 more favorable than the budgeted operating loss of \$822,668. This favorable result is attributable to VBR receiving more tax revenues over the budget amount and due to less spending than budgeted by VBR for special promotions and G&A expenses. VBR due to the pandemic revised their budget throughout the year to deal with the impact of the pandemic. VBR limited the travel by employees as well as reduced several expenses including advertising, salary increases, and employee benefits. Commitments entered into by VBR were also limited during 2020.

CAPITAL ASSETS

At the end of December 31, 2020 and 2019, VBR had invested \$1,329,499 and \$1,354,312 respectively, in a building, office equipment and vehicles. See Table A-3. This amount represents a net decrease (including additions and deductions) of \$24,813 or 1.8% from last year.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

CAPITAL ASSETS (continued)

	Table A-3 VBR's Capital Assets (net of depreciation) (See also Note 4 in the financial statements)	
	2020	2019
Equipment	\$ 413,325	\$ 374,397
Building	1,453,790	1,453,790
Land	220,000	220,000
Automobiles	22,706	22,706
Accumulated depreciation	(780,322)	(716,581)
Total	\$ 1,329,499	\$ 1,354,312

This year's major changes to Capital Assets included:

- During the year, VBR purchased additional computers and upgraded the server room in order to work remotely related to the pandemic.

LONG TERM DEBT

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow \$1,000,000 for the purpose of paying for the improvement, renovation and equipping of the new headquarters of VBR. VBR utilized \$750,000 of the \$1,000,000 available. The outstanding balance at December 31, 2020 and 2019 was \$414,800 and \$450,000, respectively.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In 2013, Visit Baton Rouge approved the funding of post-employment medical and long term care for retired employees for the first time. Prior to 2013, no benefits of any type were offered to retired employees. During fiscal year ended December 31, 2018, Visit Baton Rouge implemented GASB 75. At December 31, 2020 and 2019 the other post-employment benefit obligation was \$496,006 and \$185,429, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

VBR's primary source of revenue is the Hotel-Motel tax. Revenues for 2021 has been budgeted off of revenues from the past two years and consideration of the potential impacts of COVID 19 in fiscal year 2021. Subsequent to year end, VBR secured additional financing through a note allowing for the availability to draw down funds and through the Paycheck Protection Program (PPP). See footnote 13 for further discussion. VBR will continue to monitor the budget and amended it as necessary.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

CONTACTING VBR'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and other constituents with a general overview of VBR's finances and to demonstrate VBR's accountability for the money it receives. If you have questions about this report or need additional financial information, contact VBR's Chief Executive Officer, Paul Arrigo, 359 Third Street, Baton Rouge, LA 70801 – (225) 383-1825.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,637,644	\$ -	\$ 1,637,644
Cash - board designated	3,309,942	-	3,309,942
Receivables	357,102	-	357,102
Prepaid expenses	80,297	-	80,297
Capital assets, net of accumulated depreciation	-	1,329,499	1,329,499
TOTAL ASSETS	5,384,985	1,329,499	6,714,484
<u>DEFERRED OUTFLOWS</u>	-	292,149	292,149
<u>LIABILITIES</u>			
Accounts payable	194,022	-	194,022
Other current liabilities	17,644	-	17,644
Long-term liabilities			
Due within one year	-	37,500	37,500
Due in more than one year	-	377,300	377,300
Other post-employment benefit obligation	-	496,006	496,006
TOTAL LIABILITIES	211,666	910,806	1,122,472
<u>DEFERRED INFLOWS</u>	-	9,262	9,262
<u>FUND BALANCES/NET POSITION</u>			
Nonspendable - prepaids	80,297	(80,297)	-
Committed	3,309,942	(3,309,942)	-
Unassigned	1,783,080	(1,783,080)	-
TOTAL FUND BALANCE	5,173,319	(5,173,319)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,384,985		
Net position:			
Net investment in capital assets		914,699	914,699
Unrestricted		4,960,200	4,960,200
TOTAL NET POSITION		\$ 5,874,899	\$ 5,874,899

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total fund balances - Governmental funds		\$ 5,173,319
Cost of capital assets at December 31, 2020	2,109,821	
Less: accumulated depreciation as of December 31, 2020	<u>(780,322)</u>	1,329,499
Other post-employment benefits obligation		(496,006)
Deferred inflows of resources related to OPEB liability		(9,262)
Deferred outflows of resources related to OPEB liability		292,149
Contract payable		(414,800)
Net position at December 31, 2020 - Governmental Activities		<u>\$ 5,874,899</u>

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:			
Salaries and commissions	\$ 1,229,048	\$ -	\$ 1,229,048
Payroll taxes and benefits	427,122	-	427,122
Advertising and promotion	1,013,888	-	1,013,888
Trade shows and FAM/Site visits	15,733	-	15,733
Special promotions	392,795	-	392,795
General and administrative	496,412	-	496,412
Contributions to Baton Rouge Area			
Sports Foundation	47,500	-	47,500
Debt service:			
Interest expense	7,745	-	7,745
Principal retirement	35,200	(35,200)	-
Capital outlay	38,928	(38,928)	-
Other post-employment benefit obligation	-	48,095	48,095
City tax rebate	108,716	-	108,716
Depreciation expense	-	63,741	63,741
Total expenditures/expenses	<u>3,813,087</u>	<u>37,708</u>	<u>3,850,795</u>
Net program expense			<u>3,850,795</u>
General revenues:			
Tax revenue	3,889,475	-	3,889,475
Interest income	27,146	-	27,146
Miscellaneous income	4,237	-	4,237
Total general revenues	<u>3,920,858</u>	<u>-</u>	<u>3,920,858</u>
Total revenues	<u>3,920,858</u>	<u>-</u>	<u>3,920,858</u>
Excess of revenues over expenditures/ change in net position	<u>107,771</u>	<u>(37,708)</u>	<u>70,063</u>
Fund balance/net position			
Beginning of year	<u>5,065,548</u>		<u>5,804,836</u>
End of year	<u>\$ 5,173,319</u>		<u>\$ 5,874,899</u>

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2020

Excess of revenues over expenditures	\$	107,771
The change in net position reported for governmental activities in the statement of activities is different because of:		
Capital assets:		
Capital assets acquired for the year ended December 31, 2020	38,928	
Depreciation expense for year ended December 31, 2020	(63,741)	(24,813)
Other post-employment benefit obligation		(48,095)
Long Term Debt:		
Principal portion of debt service payments		35,200
Change in net position	\$	70,063

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Visit Baton Rouge (VBR) is a governmental entity established to promote travel and tourism in the Baton Rouge area. VBR is also responsible for attracting conventions to Baton Rouge. The basic operations of VBR are financed by hotel-motel taxes.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, as amended by Statement 61, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, VBR 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, as amended, fiscally independent means that VBR 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. VBR also has no *component units*, defined by the standards as other legally separate organizations for which the elected VBR members are financially accountable. There are no other primary governments with which VBR has a significant relationship. VBR 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 collectability. Management believes all accounts are collectible at December 31, 2020.

Basis of Presentation and Accounting

VBR's basic financial statements consist of the government-wide statements of the primary government. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent they have been made authoritative under Governmental Accounting Standards Statement 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA pronouncements. The following are VBR's governmental fund types:

Governmental Fund Types:

VBR reports the following governmental funds as major funds:

General Fund: The General Fund is the general operating fund of VBR. It accounts for all financial resources except those required to be accounted for in other funds. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Special Revenue Fund: Special Revenue Funds account for the proceeds received from BP (BP Grants) to sponsor events in the Baton Rouge area to increase tourism. Special Revenue Funds were applicable to VBR during fiscal year ended December 31, 2019 however, had no activity in year ended December 31, 2020.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Accounting (continued)

Government-Wide Financial Statements (GWFS): The government-wide financial statements consisting of the statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. These statements include the financial activities of the overall government.

The statement of net position presents the assets, deferred outflows, liabilities and deferred inflows of VBR, with the difference reported as net position. Net position is further segregated between the amounts invested in capital assets, amounts which are restricted, and amounts which are unrestricted.

The statement of activities presents a comparison between expenses and program revenues for VBR's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by VBR.

Fund Financial Statements (FFS): The fund financial statements provide information about VBR's general fund and special revenue fund. As a governmental fund type, the general fund statements' measurement focus is on the flow of current financial resources, and the modified accrual basis of accounting is used. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets (fund balance).

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside VBR or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of VBR's highest level of decision-making authority.

Assigned – represents balances that are constrained by VBR's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Accounting (continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of Net Position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of Net Position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is VBR's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

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.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

VBR adopts an annual budget that is prepared on the modified accrual basis of accounting for the General Fund and the Special Revenue Funds used in VBR's operations. The budgets are adopted by the board of directors at the December meeting proceeding the next fiscal year. Any revisions that alter the total expenses must be approved by the board of directors. Since most budgeted projects occur within one fiscal year, VBR typically does not have any carryovers of appropriated expenditures into future fiscal years.

Compensated Absences

All full-time employees earn from 10 to 15 days of vacation leave each year, depending on length of service with VBR. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave for that year 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.

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated lives. Useful lives vary from 3 to 15 years for VBR's equipment. The useful life for the building is 40 years. Capital assets are depreciated once they are placed in service, except for assets purchased after July 1. Those assets purchased after July 1 are depreciated beginning the following year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Costs are recorded as expenditures at the time individual items are consumed (consumption method).

2. BOARD MEMBER COMPENSATION

The Board Members of VBR did not receive any compensation during 2020.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS

The \$3,309,942 in cash- board designated is invested in LAMP. LAMP is considered to be an external investment pool 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 LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 70 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of December 31, 2020.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. 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 which approximates net asset value (NAV).

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

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

4. **CAPITAL ASSETS**

	2020			
	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 374,397	\$ 38,928	\$ -	\$ 413,325
Building	1,453,790	-	-	1,453,790
Land	220,000	-	-	220,000
Automobiles	22,706	-	-	22,706
	<u>\$ 2,070,893</u>	<u>38,928</u>	<u>-</u>	<u>\$ 2,109,821</u>
Less: Accumulated Depreciation	<u>\$ 716,581</u>	<u>63,741</u>	<u>-</u>	<u>\$ 780,322</u>
Net Capital Assets	<u>\$ 1,354,312</u>			<u>\$ 1,329,499</u>

5. **COMMITTED FUND BALANCE**

The board has committed \$3,309,942 of fund balance for special projects, operations, OPEB L/T retirement and building repairs. Separate accounts have been established to hold assets earmarked for these committed purposes. A summary of these accounts is as follows:

	2020			
	Beginning Balance	Additions	Deletions	Ending Balance
LAMP – Special Project Account	\$ 1,018,045	24,076	(-)	\$ 1,042,121
LAMP – Contingency Fund	1,702,464	10,858	(13,322)	1,700,000
LAMP – OPEB L/T Retirement	67,384	437	(-)	67,821
LAMP – Building Repair Account	<u>500,725</u>	<u>3,193</u>	<u>(3,918)</u>	<u>500,000</u>
	<u>\$ 3,288,618</u>	<u>\$ 38,564</u>	<u>(\$ 17,240)</u>	<u>\$ 3,309,942</u>

6. **RETIREMENT PLAN**

VBR contributed 10% until April 30, 2020, of each eligible employee's salary to an employee defined contribution retirement plan. Effective May 1, 2020, VBR discontinued contributions to the employee defined contribution retirement plan due to the negative impact of COVID-19 on their operations. In order to be eligible under the plan, the employee must have completed 40 hours of service and 90 day probationary period. Employees are 100% vested at the time of eligibility. VBR contributed \$47,398 for the year ended December 31, 2020. Effective January 1, 2013, part-time employees were no longer covered under the Plan.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan description – Visit Baton Rouge provides certain continuing health care and insurance benefits for its retirees. Visit Baton Rouge’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by Visit Baton Rouge (VBR). Current employees are eligible for these plan benefits if they retire as members of the VBR sponsored retirement plan. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that VBR administers. VBR’s board has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided – Medical benefits to retirees are provided through an insured program. The plan provisions are contained in the official plan documents. The retirement eligibility provisions are attainment of age 62 and completion of 15 years of service.

Employees covered by benefit terms – The December 31, 2020 total OPEB liability was determined using the January 1, 2020 (valuation date) actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>16</u>
	<u>17</u>

Total OPEB Liability

The Entity’s total OPEB liability of \$496,006 was measured as of December 31, 2020 and was determined by an actuarial valuation as of the valuation date.

Actuarial Assumptions and other inputs – The total OPEB liability as of December 31, 2020 was based on the valuation date using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%										
Salary increases	3.0%, including inflation										
Discount rate	2.74% annually (Beginning of Year to Determine ADC) 2.12%, annually (As of End of Year Measurement Date)										
Healthcare cost trend rates	Medicare policy Option: The expected rate of increase in medical costs is 0% level. Long Term Care Option: Level premiums are assumed. (* - see page 21)										
Turnover	Age specific table with an average of 10% when applied to the active census										
	<table><thead><tr><th style="text-align: center;"><u>Age</u></th><th style="text-align: center;"><u>Rate of Turnover</u></th></tr></thead><tbody><tr><td style="text-align: center;">18 to 26</td><td style="text-align: center;">20%</td></tr><tr><td style="text-align: center;">26 to 41</td><td style="text-align: center;">12%</td></tr><tr><td style="text-align: center;">41 to 55</td><td style="text-align: center;">8%</td></tr><tr><td style="text-align: center;">55 and over</td><td style="text-align: center;">6%</td></tr></tbody></table>	<u>Age</u>	<u>Rate of Turnover</u>	18 to 26	20%	26 to 41	12%	41 to 55	8%	55 and over	6%
<u>Age</u>	<u>Rate of Turnover</u>										
18 to 26	20%										
26 to 41	12%										
41 to 55	8%										
55 and over	6%										
Retirement age	The later of age 62 and 6 years after eligibility										

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Combined Mortality Table

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2019	\$ 185,429
Changes for the year:	
Service cost	15,511
Interest	5,293
Differences between expected and actual experience	10,200
Changes in assumptions	283,279
Benefit payments	(3,706)
Net changes	<u>310,577</u>
Balance at December 31, 2020	<u>\$ 496,006</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Entity, as well as what the Visit Baton Rouge's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	Current Discount Rate (2.12%)	1.0% Increase (3.12%)
Total OPEB liability	\$ 567,625	\$ 496,006	\$ 436,878

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

	1.0% Decrease	Current	1.0% Increase
Healthcare Trend	\$ N/A *	\$ 496,006	\$ 563,769

* - defined on page 20

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, Visit Baton Rouge recognized OPEB expense of \$48,095. At December 31, 2020, Visit Baton Rouge reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,298	\$ -
Changes in assumptions	277,851	(9,262)
Total	<u>\$ 292,149</u>	<u>\$ (9,262)</u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

7. **POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS** (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2021	\$ 30,996
2022	30,996
2023	30,996
2024	30,996
2025	30,996
Thereafter	\$ 127,907

8. **RECEIVABLES**

General Fund Receivables as of December 31, 2020 consisted of the following:

Hotel-Motel Taxes Receivable	\$ 356,855
Other Receivables	247
	<u>\$ 357,102</u>

9. **CONTRACT PAYABLE**

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow \$1,000,000 for the purpose of providing funding for the improvement, renovation and equipping of the new headquarters of VBR. In 2008, VBR drew down \$750,000 of the \$1,000,000 available for this purpose. The amount borrowed is due in monthly payments amortized over the life of the contract, bearing interest at the Securities Industry and Financial Markets Association (SIFMA) rate plus 1.2%. The interest rate at December 31, 2020 was 1.79%. Principal repayments during 2020 were \$35,200. This contract ends December 21, 2029. The contract is secured by and payable from the lawful and available funds of VBR. The outstanding balance at December 31, 2020 was \$414,800.

The minimum debt service payments are scheduled to occur as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 37,500	\$ 7,120	\$ 44,620
2022	39,400	6,432	45,832
2023	41,900	5,710	47,610
2024	43,500	4,944	48,444
2025	46,900	4,142	51,042
2026-2029	205,600	7,575	213,175
	<u>\$ 414,800</u>	<u>\$ 35,923</u>	<u>\$ 450,723</u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

10. COMMITMENTS

Effective April 23, 2015, VBR entered into an agreement for signage and multi-media components advertising. The term of the agreement began on July 1, 2015 and expired on June 30, 2020. VBR signed an extension of this agreement effective September 26, 2020 set to expire December 31, 2020 in the amount of \$15,000 with the same terms and conditions as noted in the original agreement dated July 1, 2015. If VBR fails to make payment within thirty days after its due date, there will be a 1.5% fee assessed per month for the amount past due until paid.

11. COOPERATIVE ENDEAVOR AGREEMENTS

Effective April 25, 2017 and June 30, 2017, VBR entered into cooperative endeavor agreements with certain Cities in East Baton Rouge Parish for hotel/motel room tax collections in order to support the City's economic development efforts relating to travel and tourism in the City and Parish. The agreements are for twenty-five (25) years commencing on the effective date. The terms of the agreements state that VBR will dedicate part of the room tax collection received from the City of Baton Rouge to surrounding areas of the Cities based on the monthly occupancy rate calculated by the City of Baton Rouge. VBR will pay to the Cities a sum equal to the revenue actually received by VBR from three percent (3%) (Out of a total four (4%)) of VBR's lodging tax levy attributable to taxable entities located within the corporate limits of the Cities. For the year ended December 31, 2020, VBR paid \$108,716 in city tax rebates to the participating Cities.

12. TAX REVENUES ABATED

Tax abatements for VBR consist of those for hotel-motel occupancy taxes that were approved by the City of Baton Rouge – Parish of East Baton Rouge (City Parish). The City-Parish's Metro-Council considers tax abatement agreements on an individual basis. These abatements are permissible in accordance with Louisiana Revised Statutes Chapter 27 of Title 33. These abatements are provided through the use of Tax Increment Financing (TIF) whereby separate legal entities (districts) are formed for the purpose of governing the use of tax revenue generated within the district. For the fiscal year ending December 31, 2020, there was approximately \$134,249 in tax abatements related to the use of TIFs.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 21, 2021, and determined that the following disclosures are necessary.

Effective January 1, 2021, VBR reinstated a 5% contribution of each eligible employee's salary to an employee defined contribution retirement plan as disclosed in note 6.

On January 11, 2021, VBR received a grant award from the Louisiana Tourism Sunshine Grant Program in the amount of \$125,000 to increase awareness of Baton Rouge as a safe and clean city to visit, increase website traffic, drive visitors researching their travel plans to engage on social media channels and increase the economic impact over 2021. The grant will reimburse qualifying marketing expenses including media placement, media production, and other eligible expenses to reach the scope of the work.

On January 25, 2021 the company signed a contract with an advertising agency in the amount not to exceed \$610,000 in order to help in the advertising efforts of VBR. The agency will help develop a campaign for VBR to promote the city, develop a media plan for 2021, produce creative assets and enact brand/account management for VBR. Payments are due on the first of the month and amounts vary by month based on the contract.

On January 29, 2021, VBR signed a Revenue Note, Series 2021, in a total agreement principal amount not to exceed \$2,000,000 less any loan proceeds under the Paycheck Protection Program (PPP). As noted below, VBR received \$212,912 from PPP funds, therefore the maximum funds available for draw is \$1,787,088. The purpose of this note is for financing current and future operations and expenses in current and future fiscal years to ensure continuity of operations. The maximum total amount of draw available to VBR for year ending December 31, 2021 is less than or equal to \$500,000, year ending December 31, 2022 shall be less than or equal to \$1,500,000 and year ending December 31, 2023 shall be maximum loan amount minus total principal amount. If the interest only end date is extended the maximum total amount of VBR's draw is the Maximum Loan amount minus the total principal amount. The interest rate of the note is prime rate plus one half of one percent (0.50%) provided the interest rate is not less than 3.75% and shall never be greater than 6.00%. The maturity date of the note is January 29, 2026. The contract is secured by and payable from the Pledged revenues on the intergovernmental contract with the City of Baton Rouge as noted in Note 9. The amount drawn down as of April 21, 2021 is \$100,000.

On February 11, 2021, VBR received loan proceeds in the amount of \$212,912 from a local bank through the Paycheck Protection Program (PPP) as established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March 2020. Under the terms of the loan, all or a portion of the PPP loan can be forgiven as a grant subject to meeting certain compliance requirements. Management expects for the loan to be fully forgiven. Each loan bears interest at a rate of 1.00 percent. VBR will apply for loan forgiveness during the year.

No other events, other than those noted above, occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

VISIT BATON ROUGE
SCHEDULES OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Measurement date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered- employee payroll	Total OPEB liability as a percentage of covered- employee payroll
12/31/20	12/31/20	\$ 15,511	\$ 5,293	\$ 10,200	\$ 283,279	\$ (3,706)	\$ 310,577	\$ 185,429	\$ 496,006	\$ 1,125,500	44.07%
12/31/19	12/31/19	\$ 3,342	\$ 6,043	\$ 3,550	\$ 26,717	\$ (3,244)	\$ 36,408	\$ 149,021	\$ 185,429	\$ 1,142,024	16.24%
12/31/18	12/31/18	\$ 3,670	\$ 5,177	\$ 2,520	\$ (11,248)	\$ (3,209)	\$ (3,090)	\$ 152,111	\$ 149,021	\$ 1,098,100	13.57%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to the Required Supplementary Information.

Benefit Changes.

There were no changes of benefit terms for the year ended December 31, 2020.

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability.

<u>Measurement Date</u>	<u>Discount Rate</u>
12/31/2020	2.12%
12/31/2019	2.74%
12/31/2018	4.10%
12/31/2017	3.44%

The mortality rate table used for valuation changed from prior year which was RP-2000 Table without projection with 50%/50% unisex blend to SOA RP-2014 Table used for fiscal year ended December 31, 2020.

The retirement age assumption changed from prior year which was 50% assumed to retire at age 62 and 15 years of service and 50% are assumed to retire at age 65 and 15 years of service to the later of age 62 and 6 years of service for fiscal year December 31 2020.

VISIT BATON ROUGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Tax revenue	\$ 5,445,000	\$ 3,100,000	\$ 3,889,475	\$ 789,475
Interest income	95,250	35,000	27,146	(7,854)
Miscellaneous income	-	-	4,237	4,237
Total revenues	<u>5,540,250</u>	<u>3,135,000</u>	<u>3,920,858</u>	<u>785,858</u>
<u>EXPENDITURES</u>				
Salaries and commissions	1,460,797	1,243,790	1,229,048	14,742
Payroll taxes and benefits	536,097	409,887	427,122	(17,235)
Advertising and promotion	1,745,200	1,097,687	1,013,888	83,799
Trade shows and FAM/Site visits	123,285	19,208	15,733	3,475
Special promotions	794,000	386,133	392,795	(6,662)
General and administrative	813,681	576,063	496,412	79,651
Contributions to Baton Rouge Sports Foundation	95,000	-	47,500	(47,500)
Debt service:				
Interest expense	13,800	13,800	7,745	6,055
Principal retirement	35,200	35,200	35,200	-
Capital outlay	20,000	58,500	38,928	19,572
Allocation of occupancy tax	155,000	117,400	108,716	8,684
Total expenditures	<u>5,792,060</u>	<u>3,957,668</u>	<u>3,813,087</u>	<u>144,581</u>
<u>EXCESS OF REVENUES (UNDER)</u>				
<u>OVER EXPENDITURES</u>				
	<u>(251,810)</u>	<u>(822,668)</u>	<u>107,771</u>	<u>930,439</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>6,125,000</u>	<u>6,125,000</u>	<u>5,065,548</u>	<u>(1,059,452)</u>
End of year	<u>\$ 5,873,190</u>	<u>\$ 5,302,332</u>	<u>\$ 5,173,319</u>	<u>\$ (129,013)</u>

OTHER SUPPLEMENTAL INFORMATION

VISIT BATON ROUGE
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Paul Arrigo

<u>Purpose</u>	<u>Amount</u>
Salary, including incentive and bonus	\$ 185,863
Benefits-insurance	32,562
Defined contribution retirement plan	5,983
Benefits-other	-
Car allowance	10,752
Vehicle rental	10,200
Cell phone	1,740
Dues	18,629
Reimbursements	188
Travel	-
Registration fees	545
Conference travel	1,692
Special meals	866
Other	554
Total	<u>\$ 269,574</u>

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*

To the Board of Directors
Visit Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the 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 and each major fund of Visit Baton Rouge (VBR) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise VBR's basic financial statements, and have issued our report thereon dated April 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VBR's internal control over financial reporting (internal control) as a basis for designing 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 VBR's internal control. Accordingly, we do not express an opinion on the effectiveness of VBR'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 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 VBR'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 VBR'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.

Postlethwaite & Netterville

Baton Rouge, Louisiana

April 21, 2021



April 21, 2021

Update to Management Letter FY 2019

2019-1

Theft of Public Assets

Condition: Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An instances, or likely instances, of misappropriation were identified by VBR and reported to the Legislative Auditor.

Recommendation: We recommend VBR continue their prosecution of these matters with the appropriate authorities.

View of Responsible Official:

VBR is fully committed to protecting public resources. We will continue to report instances of misappropriation and refer them to law enforcement. The departments will also strengthen internal controls and monitoring in the areas where a misappropriation occurred. Immediate action has been taken to recover public monies as of the date of this letter.

Current Status for year ended December 31, 2020: Resolved

A handwritten signature in blue ink that reads "Lauralyn L. Maranto".

Lauralyn L. Maranto
Vice President of Administration



AN AUTHENTIC LOUISIANA EXPERIENCE