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**BATON ROUGE AREA CONVENTION AND**  
**VISITORS BUREAU**

**FINANCIAL REPORT**

**DECEMBER 31, 2010**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/11/11



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BATON ROUGE AREA CONVENTION AND  
VISITORS BUREAU

FINANCIAL REPORT

DECEMBER 31, 2010

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Baton Rouge Area Convention and Visitors Bureau  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Baton Rouge Area Convention and Visitors Bureau (the Bureau) as of December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Baton Rouge Area Convention and Visitors Bureau as of December 31, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2011 on our consideration of the Bureau's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 18, 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.

*Pestlethwaite ; Netterville*

Baton Rouge, Louisiana

April 19, 2011

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

This section of the Baton Rouge Area Convention and Visitors Bureau's (the Bureau) annual financial report presents our discussion and analysis of the Bureau's financial performance during the fiscal year that ended on December 31, 2010. Please read it in conjunction with the Bureau's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

- The Bureau's net assets were \$3,026,555 at December 31, 2010, down 10% from net assets as of December 31, 2009 of \$3,373,221.
- The decrease in net assets of \$346,666 can be attributed primarily to an operating deficit at the fund level that resulted from expenditures exceeding revenues for the year. In 2009, there was a decrease in net assets of \$246,250 which resulted in net assets of \$3,373,221 at December 31, 2009.
- The general fund ended the years 2010 and 2009 with a \$2,012,163 and \$2,303,494 fund balance which represents approximately 55% and 64% of annual expenditures, respectively. Of that balance, \$730,419 and \$866,493, respectively, was undesignated and available for general use.

**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 the Bureau:

- The government-wide financial statement of net assets and statement of activities provide long-term information about the Bureau's overall financial status and economic condition.
- The fund financial statements focus on the general fund of the Bureau. These financial statements provide a short-term picture of the Bureau's financial condition, telling how the Bureau fared in meeting its current operating needs, and how much is available for future spending.

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.

**Government-wide Financial Statements**

The government-wide statements report information about the Bureau as a whole using accounting methods similar to those used by private-sector companies. The government-wide statements report the Bureau's net assets and how they have changed. The statement of net assets 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 assets — the difference between the Bureau's assets and liabilities — is one way to measure the Bureau's financial health, or position. Over time, increases or decreases in the Bureau's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Bureau, one needs to consider additional nonfinancial factors such as changes in the tourism climate that affects the Bureau's hotel/motel tax revenues, and the local economy.

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

**Fund Financial Statements**

The fund financial statements present the Bureau's fund – the general fund. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. The Bureau's general fund is a governmental-type fund and, as such, follows 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 the Bureau'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 THE BUREAU**

<b>Table A-1</b>		
<b>Net Assets</b>		
	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 2,068,805	\$ 2,365,567
Deferred financing costs	5,764	6,724
Capital assets	1,707,628	1,783,703
<b>Total assets</b>	<b>3,782,197</b>	<b>4,155,994</b>
Current liabilities	79,442	83,773
Long term liabilities	676,200	699,000
<b>Total liabilities</b>	<b>755,642</b>	<b>782,773</b>
Net assets		
Invested in capital assets, net of related debt	1,014,392	1,069,727
Unrestricted	2,012,163	2,303,494
<b>Total net assets</b>	<b>\$3,026,555</b>	<b>\$ 3,373,221</b>

A substantial portion of the assets of the Bureau 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.

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

**Change in net assets**

The Bureau's change in net assets, or overall net loss, was \$346,666. The change in net assets results from expenses exceeding revenues. The net loss is primarily due to the Bureau's commitment to special projects during the year such as the Bayou Country Superfest. The Bureau committed \$300,000 in funding during the year to ensure success of the event.

Table A-2 shows the composition of revenues and summarizes the expenses for the years ended 2010 and 2009.

<b>Table A-2</b>		
<b>Changes in Bureau's</b>		
<b>Net Assets</b>		
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 4,897	\$ 14,731
General revenues		
Hotel-Motel taxes	3,305,857	3,343,527
Interest	2,663	5,979
Miscellaneous	9,680	9,670
<b>Total revenues</b>	<b>3,323,097</b>	<b>3,373,907</b>
<b>Expenses</b>		
Payroll	1,483,661	1,506,062
Promotions	1,602,732	1,444,320
General and Administrative	483,370	569,775
Contributions- other organizations	100,000	100,000
<b>Total expenses</b>	<b>3,669,763</b>	<b>3,620,157</b>
<b>(Decrease) Increase in net assets</b>	<b>(\$ 346,666)</b>	<b>(\$ 246,250)</b>

Hotel-Motel taxes of \$3,305,857 reflects a 1% decrease over 2009 revenues, and represent approximately 99% of total revenues for 2010. This underscores the importance of the tourism industry to the Bureau and its mission. Payroll and promotional activities together represent 84% and 81% of total expenses in 2010 and 2009, respectively, underscoring the importance of quality employees to promote and sell Baton Rouge as a tourism and convention destination.



**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

**Financial Analysis of the General Fund**

The Bureau completed the years ended 2010 and 2009 with a general fund balance of \$2,012,163 and \$2,303,493, respectively. Of the 2010 fund balance, \$1,162,886 has been set-aside by the Board for various functions, \$118,858 has been disbursed and is recorded as a prepaid asset, and \$730,419 is available for general use. This undesignated fund balance is the result of an accumulation of prior year operating surpluses and will allow the Bureau to continue operations in times of decreasing revenue and to pursue other projects as it may deem appropriate.

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the Bureau's budget. These budget amendments resulted primarily from a decrease in hotel-motel tax revenue. In response to the decrease in revenues, the Bureau also reduced their overall budget for expenditures.

Under the revised budget, the general fund operated at a net deficit of \$291,330, which was \$192,463 more favorable than the budgeted deficit of \$483,793. This unfavorable result is attributable to the Bureau budgeting excess expenditures during the year that were funded through the Special Project Fund for special events.

**CAPITAL ASSETS**

At the end of December 31, 2010 and 2009, the Bureau had invested \$1,707,628 and \$1,783,703, respectively, in a building, office equipment and vehicles. See Table A-3. This amount represents a net decrease (including additions and deductions) of \$76,075 or 4% from last year.

<b>Table A-3</b>		
<b>Bureau's Capital Assets</b>		
<b>(net of depreciation)</b>		
	<b>2010</b>	<b>2009</b>
Equipment	\$ 361,717	\$ 453,113
Building	1,453,790	1,453,790
Land	220,000	220,000
Automobiles	22,706	22,706
Accumulated depreciation	(350,585)	(365,906)
<b>Total</b>	<b>\$ 1,707,628</b>	<b>\$ 1,783,703</b>

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**BATON ROUGE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**CAPITAL ASSETS (continued)**

This year's major changes to Capital Assets included:

- Software upgrades
- Computers
- Removal of approximately \$101,792 of fully depreciated assets (accounting records only).

**LONG TERM DEBT**

On September 21, 2007, the Bureau 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 the Bureau. The Bureau drew-down \$750,000 of the \$1,000,000 available. The outstanding balance at December 31, 2010 and 2009 was \$699,000 and \$720,700, respectively.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Bureau's primary source of revenue is the Hotel-Motel tax. Revenues are expected to increase in the upcoming year due to an improvement in the economy. The Bureau has also committed \$300,000 in funding for the 2011 Bayou Country Superfest. This event attracts numerous people to the Capital City for the weekend concert event.

**CONTACTING THE BUREAU'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and other constituents with a general overview of the Bureau's finances and to demonstrate 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 Chief Executive Officer, Paul Arrigo, 359 Third Street, Baton Rouge, LA 70801 – (225) 383-1825.

**BATON ROUGE AREA CONVENTION & VISITORS BUREAU**  
**GENERAL FUND BALANCE SHEET AND**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2010**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 1,559,141	\$ -	\$ 1,559,141
Receivables	390,806	-	390,806
Prepaid expenses	118,858	-	118,858
Deferred financing costs	-	5,764	5,764
Capital assets, net of accumulated depreciation	-	1,707,628	1,707,628
<b>TOTAL ASSETS</b>	<b>2,068,805</b>	<b>1,713,392</b>	<b>3,782,197</b>
 <b><u>LIABILITIES</u></b>			
Accounts payable	29,892	-	29,892
Other current liabilities	26,750	-	26,750
Long-term liabilities			
Due within one year	-	22,800	22,800
Due in more than one year	-	676,200	676,200
<b>TOTAL LIABILITIES</b>	<b>56,642</b>	<b>699,000</b>	<b>755,642</b>
 <b><u>FUND BALANCES/NET ASSETS</u></b>			
Reserved - prepaids	118,858	(118,858)	-
Unreserved - board designated	1,162,886	(1,162,886)	-
Unreserved - undesignated	730,419	(730,419)	-
<b>TOTAL FUND BALANCE</b>	<b>2,012,163</b>	<b>(2,012,163)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,068,805</b>		
 Net assets:			
Invested in capital assets, net of related debt		1,014,392	1,014,392
Unrestricted		2,012,163	2,012,163
<b>TOTAL NET ASSETS</b>		<b>\$ 3,026,555</b>	<b>\$ 3,026,555</b>

The accompanying notes are an integral part of this statement.

**BATON ROUGE AREA CONVENTION & VISITORS BUREAU**  
**RECONCILIATION OF THE GENERAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2010**

Total fund balances - General Fund		\$ 2,012,163
Cost of capital assets at December 31, 2010	2,058,213	
Less: accumulated depreciation as of December 31, 2010	<u>(350,585)</u>	1,707,628
Deferred financing costs		5,764
Contract payable		(699,000)
Total net assets at December 31, 2010 - Governmental Activities		<u><u>\$ 3,026,555</u></u>

The accompanying notes are an integral part of this statement.

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/expenses:</b>			
Salaries and commissions	\$ 1,097,842	\$ -	\$ 1,097,842
Payroll taxes and benefits	385,819	-	385,819
Advertising and promotion	955,989	-	955,989
Trade shows and FAM/Site visits	83,355	-	83,355
Special promotions	563,388	-	563,388
General and administrative	385,530	-	385,530
Contributions to Baton Rouge Area Sports Foundation	100,000	-	100,000
<b>Debt service:</b>			
Bond interest expense	10,408	-	10,408
Prinicpal retirement	21,700	(21,700)	-
Capital outlay	10,396	(10,396)	-
Depreciation expense	-	87,112	87,112
Amortization of deferred financing costs	-	320	320
<b>Total expenditures/expenses</b>	<b>3,614,427</b>	<b>55,336</b>	<b>3,669,763</b>
<b>Program revenues:</b>			
Charges for services	4,897	-	4,897
<b>Net program expense</b>	<b>-</b>	<b>-</b>	<b>3,664,866</b>
<b>General revenues:</b>			
Tax revenue	3,305,857	-	3,305,857
Interest income	2,663	-	2,663
Miscellaneous income	9,680	-	9,680
<b>Total general revenues</b>	<b>3,318,200</b>	<b>-</b>	<b>3,318,200</b>
<b>Excess of expenditures over revenues/ change in net assets</b>	<b>(291,330)</b>	<b>(55,336)</b>	<b>(346,666)</b>
<b>Fund balance/net assets</b>			
Beginning of year	2,303,493	-	3,373,221
End of year	<b>\$ 2,012,163</b>	<b>-</b>	<b>\$ 3,026,555</b>

The accompanying notes are an integral part of this statement.

**BATON ROUGE AREA CONVENTION & VISITORS BUREAU**  
**RECONCILIATION OF THE GENERAL FUND STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2010**

Excess of expenditures over revenue \$ (291,330)

The change in net assets reported for governmental activities in the statement of activities is different because of:

Capital assets:

Capital assets acquired for the year ended Decemer 31, 2010	10,396	
Depreciation expense for year ended December 31, 2010	<u>(87,112)</u>	(76,716)

Amortization of deferred financing costs (320)

Long Term Debt:

Principal portion of debt service payments		<u>21,700</u>
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Change in net assets \$ (346,666)

The accompanying notes are an integral part of this statement.

## BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### General Statement

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

##### Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Bureau is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Bureau may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Bureau also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected Bureau members are financially accountable. There are no other primary governments with which the Bureau has a significant relationship. The Bureau is not a component unit of any other entity.

##### Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability. Management believes all accounts are collectible at December 31, 2010.

##### Basis of Presentation and Accounting

The Bureau'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 in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Bureau has elected not to follow subsequent private-sector guidance.

*Government-Wide Financial Statements (GWFS):* The government-wide financial statements consisting of the statement of net assets 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 assets presents the assets and liabilities of the Bureau, with the difference reported as net assets. Net assets are 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 the Bureau's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by the Bureau.

## BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Basis of Presentation and Accounting (continued)

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements (FFS):* The fund financial statements provide information about the Bureau's general 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.

##### 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.

##### Budgets and Budgetary Accounting

The Bureau adopts an annual budget that is prepared on the modified accrual basis of accounting for those funds used in the Bureau's operations. The Budget is adopted by the board of directors at the December meeting preceeding the next fiscal year. Any revisions that alter the total expenses must be approved by the board of commissioners. Due to the fact that most budgeted projects occur within one fiscal year, the Bureau 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 the Bureau. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave will be paid.

All full-time employees earn 10 days of sick leave each year. Sick leave may be accumulated not to exceed 20 work days. If an employee resigns or is terminated, the employee will not be paid for any unused sick leave.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken.



**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**

**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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 the Bureau'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.

**Restricted Net Assets**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

**Fund Equity of Fund Financial Statements**

Reserved amounts represent those portions of fund equity not appropriable for expenditures.

Board designated amounts represent tentative plans for future use of financial resources.

**Reclassifications**

Certain reclassifications have been made to the 2009 financial statements to be consistent with the 2010 presentation.

2. **BOARD MEMBER COMPENSATION**

The Board Members of the Bureau did not receive any compensation during 2010.

3. **RELATED PARTY TRANSACTIONS**

The Bureau contributed \$100,000 to an organization related through common oversight authority during 2010.

The Bureau provided office space to two organizations related through common oversight authority during 2010. This office space was provided free of charge to the related organizations.

## BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

### NOTES TO FINANCIAL STATEMENTS

#### 4. CASH AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Bureau's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At year-end, the carrying amount of the Bureau's deposits was \$396,255 and the bank balance was \$598,140. The amounts were completely collateralized and/or insured at December 31, 2010.

The Bureau also invested \$1,162,886 at December 31, 2010, in the Louisiana Asset Management Pool (LAMP), Inc. a local government investment pool. In accordance with GASB Codification Section I50.125, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the value of the pool shares.

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

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Bureau's investment policy limits investments to those discussed earlier in this section. LAMP has a Standard & Poor's Rating of AAAM.

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

	<u>2010</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment	\$ 453,113	10,396	( 101,792)	\$ 361,717
Building	1,453,790	-	-	1,453,790
Land	220,000	-	-	220,000
Automobiles	22,706	-	-	22,706
	<u>\$ 2,149,609</u>	<u>10,396</u>	<u>( 101,792)</u>	<u>\$ 2,058,213</u>
Less: Accumulated Depreciation	\$ 365,265	87,112	( 101,792)	\$ 350,585
Net Capital Assets	<u>\$ 1,784,344</u>			<u>\$ 1,707,628</u>

**6. DESIGNATED FUND BALANCE**

The board has designated \$1,162,886 of fund balance for special projects, operations, and building repairs. Separate accounts have been established to hold assets earmarked for these designated purposes. A summary of these accounts is as follows:

	<u>2010</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP – Special Project Account	\$ 990,812	2,064	( 200,000)	\$ 792,876
LAMP – Operations Account	325,000	562	( 557)	325,005
LAMP – Building Repair Account	30,000	15,055	( 50)	45,005
	<u>\$ 1,345,812</u>	<u>\$ 17,681</u>	<u>(\$ 200,607)</u>	<u>\$ 1,162,886</u>

**7. RETIREMENT PLAN**

The Bureau contributed 10% in 2010, of each eligible employee's salary to an employee defined contribution retirement plan. In order to be eligible under the plan, the employee must have earned at least \$400 in the previous year and be at least 21 years old. Employees are 100% vested at the time of eligibility. The Bureau contributed \$105,849 for the year ended December 31, 2010.

**BATON ROUGE AREA CONVENTION AND VISITORS BUREAU**

**NOTES TO FINANCIAL STATEMENTS**

**8. RECEIVABLES**

Receivables as of December 31, 2010 consisted of the following:

Hotel-Motel Taxes Receivable	\$ 359,539
Other Receivables	31,267
	<u>\$ 390,806</u>

**9. CONTRACT PAYABLE**

On September 21, 2007, the Bureau 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 the Bureau. In 2008, the Bureau 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, 2010 was 2.04%. Principal repayments during 2010 were \$21,700. This contract ends December 21, 2029. The contract is secured by and payable from the lawful and available funds of the Bureau. The outstanding balance at December 31, 2010 was \$699,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	22,800	14,046	36,846
2012	22,800	13,581	36,381
2013	24,100	13,104	37,204
2014	26,400	12,591	38,991
2015	26,400	12,052	38,452
2016-2020	161,200	51,078	212,278
2021-2025	206,200	32,564	238,764
2026-2030	209,100	8,920	218,020
	<u>\$ 699,000</u>	<u>\$ 157,936</u>	<u>\$ 856,936</u>

**10. COMMITMENTS**

The Bureau has entered into an agreement, dated October 29, 2010, with Festival Productions, Inc. – New Orleans for an event to be held in the City of Baton Rouge on May 28 and May 29, 2011. The Bureau will provide \$300,000 in funding to ensure success of the event.

**11. SUBSEQUENT EVENT**

Management has evaluated events through the date that the financial statements were available to be issued, April 19, 2011 and determined that there were no events that require disclosure.

**REQUIRED SUPPLEMENTAL INFORMATION**

**BATON ROUGE AREA CONVENTION & VISITORS BUREAU**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Tax revenue	\$ 3,400,000	\$ 3,225,000	\$ 3,305,857	\$ 80,857
Interest income	2,788	1,595	2,663	1,068
Miscellaneous income	750	750	9,680	8,930
Charges for services	7,400	7,277	4,897	(2,380)
Total revenues	<u>3,410,938</u>	<u>3,234,622</u>	<u>3,323,097</u>	<u>88,475</u>
<b><u>EXPENDITURES</u></b>				
Salaries and commissions	1,167,695	1,102,714	1,097,842	4,872
Payroll taxes and benefits	410,475	389,173	385,819	3,354
Advertising and promotion	990,774	965,434	955,989	9,445
Trade shows and FAM/Site visits	110,065	101,444	83,355	18,089
Special promotions	745,500	612,455	563,388	49,067
General and administrative	446,900	402,695	385,530	17,165
Contributions to Baton Rouge Sports Foundation	100,000	100,000	100,000	-
Debt service:				
Bond interest	14,300	12,300	10,408	1,892
Prinicpal retirement	21,700	21,700	21,700	-
Capital outlay	10,500	10,500	10,396	104
Total expenditures	<u>4,017,909</u>	<u>3,718,415</u>	<u>3,614,427</u>	<u>103,988</u>
<b><u>EXCESS OF REVENUES (UNDER)</u></b>				
<b><u>OVER EXPENDITURES</u></b>	(606,971)	(483,793)	(291,330)	192,463
<b><u>FUND BALANCE</u></b>				
Beginning of year	2,303,493	2,303,493	2,303,493	-
End of year	<u>\$ 1,696,522</u>	<u>\$ 1,819,700</u>	<u>\$ 2,012,163</u>	<u>\$ 192,463</u>

**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  
Baton Rouge Area Convention and Visitors Bureau  
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Area Convention and Visitors Bureau (the "Bureau") as of and for the year ended December 31, 2010, and have issued our report thereon dated April 19, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
April 19, 2011