
BATON ROUGE AREA CONVENTION AND
VISITORS BUREAU

FINANCIAL REPORT

DECEMBER 31, 2007

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 6/4/08

BATON ROUGE AREA CONVENTION AND
VISITORS BUREAU

FINANCIAL REPORT

DECEMBER 31, 2007

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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, 2007, 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, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary comparison information on pages 3 through 7 and 18 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2008 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 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
May 9, 2008

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

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, 2007. Please read it in conjunction with the Bureau's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Bureau's net assets were \$3,320,490 at December 31, 2007, down 1% from net assets as of December 31, 2006 of \$3,367,084.
- The decrease in net assets of \$46,594 can be attributed primarily to an operating loss at the fund level that resulted from expenditures exceeding revenues for the year. In 2006, there was an operating surplus of \$1,120,362 which resulted in net assets of \$3,367,084.
- The general fund ended the years 2007 and 2006 with a \$1,976,682 and \$3,134,654 fund balance which represents approximately 53% and 96% of annual expenditures, respectively. Of that balance, \$537,637 and \$956,379 was undesignated and available for general use for the years ended 2007 and 2006, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four 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 statements 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 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.

The two government-wide statements report the Bureau's net assets and how they have changed. 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, 2007

Fund Financial Statements

The fund financial statements present the Bureau's only 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

Table A-1		
Net Assets		
	2007	2006
Current and other assets	\$ 2,158,685	\$ 3,282,823
Capital assets	1,343,808	232,430
Total assets	3,502,493	3,515,253
Current liabilities	182,003	148,169
Total liabilities	182,003	148,169
Net assets		
Invested in capital assets, net of related debt	1,343,808	232,430
Unrestricted	1,976,682	3,134,654
Total net assets	\$ 3,320,490	\$ 3,367,084

A substantial portion of the net assets of the Bureau are liquid and generally available for spending. Unrestricted net assets are comprised primarily of cash, LAMP funds and receivables less current liabilities. Amounts invested in capital assets consist primarily of a building that was purchased in 2007 that is currently being renovated, office furniture and vehicles.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Change in net assets

The Bureau's change in net assets, or overall net loss, was \$46,594. The change in net assets results from expenses exceeding revenues. The net loss is due to approved expenditures for special events held during the year. The Bureau also purchased a building, with the use of board designated net assets, during the year to house their operations. The building is currently undergoing renovations. The renovations are expected to be completed by June 2008.

Table A-2 shows the composition of revenues and summarizes the expenses for the years ended 2007 and 2006.

Table A-2		
Changes in Bureau's		
Net Assets		
	2007	2006
Revenues		
Program revenues		
Charges for services	\$ 12,636	\$ 4,633
General revenues		
Hotel-Motel taxes	3,503,402	4,003,118
Interest	126,757	120,927
Miscellaneous	7,189	4,372
Total revenues	3,649,984	4,133,050
Expenses		
Payroll	1,326,764	1,152,068
Promotions	1,752,427	1,314,909
General and Administrative	542,387	470,711
Contributions- other organizations	75,000	75,000
Total expenses	3,696,578	3,012,688
(Decrease) Increase in net assets	(\$ 46,594)	\$ 1,120,362

Hotel-Motel taxes of \$3,503,402 reflect a 12% decrease over 2006 revenues, and represent approximately 96% of total revenues for 2007. This underscores the importance of the tourism industry to the Bureau and its mission. Payroll and promotional activities together represent 83% and 82% of total expenses in 2007 and 2006, 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, 2007

Financial Analysis of the General Fund

The Bureau completed the years ended 2007 and 2006 with a total fund balance of \$1,976,682 and \$3,134,654, respectively. Of the 2007 balance, \$1,279,930 has been set-aside by the Board for various functions, \$159,115 has been disbursed and is recorded as a prepaid asset, and \$537,637 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 an increase in capital outlay expenditures related to the purchase of the new building.

Under the revised budget, the general fund operated at a net deficit of \$1,157,972, which was \$165,438 more favorable than the budgeted deficit of \$1,323,410. This more favorable result is attributable to lower than expected payroll and general/administrative expenditures.

CAPITAL ASSETS

At the end of December 31, 2007 and 2006, the Bureau had invested \$1,343,808 and \$232,430, respectively, in a building, office equipment and vehicles. See Table A-3. This amount represents a net increase (including additions and deductions) of \$1,111,378 or 478 percent from last year.

Table A-3		
Bureau's Capital Assets		
(net of depreciation)		
	2007	2006
Equipment	\$ 319,984	\$ 293,249
Automobiles	22,706	22,706
Construction in Progress- building	1,154,950	-
Accumulated depreciation	<u>(153,832)</u>	<u>(83,525)</u>
Total	\$ 1,343,808	\$ 232,430

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

CAPITAL ASSETS (continued)

This year's major changes to Capital Assets included:

- Purchase of an office building to house operations
- Software upgrades
- Computers
- Removal of approximately \$27,430 of fully depreciated assets (accounting records only).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Bureau's primary source of revenue is the Hotel-Motel tax. Revenues for 2008 are expected to be slightly higher than the prior year, with the continued economic growth in the Baton Rouge area. The business outlook has continued to improve over the last year.

On September 21, 2007, the Bureau entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow up to \$1,000,000 for the purpose of paying for the improvement, renovation and equipping of the new headquarters of the Bureau. Costs are not expected to exceed \$750,000. The Bureau began to draw money in January 2008 and expects to move into the new location by June 2008.

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, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,613,342	\$ -	\$ 1,613,342
Receivables	386,228	-	386,228
Prepaid assets	159,115	-	159,115
Capital assets, net of accumulated depreciation	-	1,343,808	1,343,808
TOTAL ASSETS	2,158,685	1,343,808	3,502,493
<u>LIABILITIES</u>			
Accounts payable	153,966	-	153,966
Other current liabilities	28,037	-	28,037
TOTAL LIABILITIES	182,003	-	182,003
<u>FUND BALANCES/NET ASSETS</u>			
Reserved - prepaids	159,115	(159,115)	-
Unreserved - board designated	1,279,930	(1,279,930)	-
Unreserved - undesignated	537,637	(537,637)	-
TOTAL FUND BALANCE	1,976,682	(1,976,682)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,158,685		
Net assets:			
Invested in capital assets		1,343,808	1,343,808
Unrestricted		1,976,682	1,976,682
TOTAL NET ASSETS		\$ 3,320,490	\$ 3,320,490

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, 2007

Total fund balances - General Fund		\$ 1,976,682
Cost of capital assets at December 31, 2007	1,497,640	
Less: accumulated depreciation as of December 31, 2007	<u>(153,832)</u>	1,343,808
Total net assets at December 31, 2007 - Governmental Activities		<u><u>\$ 3,320,490</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, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Salaries and commissions	\$ 1,008,134	\$ -	\$ 1,008,134
Payroll taxes and benefits	318,630	-	318,630
Advertising and promotion	1,124,995	-	1,124,995
Trade shows and FAM/Site visits	122,936	-	122,936
Special promotions	504,496	-	504,496
General and administrative	444,650	-	444,650
Contributions to Baton Rouge Area Sports Foundation	75,000	-	75,000
Capital outlay	1,209,115	(1,209,115)	-
Depreciation expense	-	97,737	97,737
Total expenditures/expenses	<u>4,807,956</u>	<u>(1,111,378)</u>	<u>3,696,578</u>
Program revenues:			
Charges for services	<u>12,636</u>	-	<u>12,636</u>
Net program expense			<u>3,683,942</u>
General revenues:			
Tax revenue	3,503,402	-	3,503,402
Interest income	126,757	-	126,757
Miscellaneous income	7,189	-	7,189
Total general revenues	<u>3,637,348</u>	<u>-</u>	<u>3,637,348</u>
Excess of revenues over expenditures/ change in net assets	(1,157,972)	1,111,378	(46,594)
Fund balance/net assets			
Beginning of year	3,134,654	232,430	3,367,084
End of year	<u>\$ 1,976,682</u>	<u>\$ 1,343,808</u>	<u>\$ 3,320,490</u>

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, 2007

Excess of revenue over expenditures \$ (1,157,972)

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

Depreciation expense for year ended December 31, 2007 (97,737)
Capital assets acquired for the year ended Decemer 31, 2007 1,209,115

Change in net assets \$ (46,594)

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. Additionally, the Bureau is responsible for attracting conventions to Baton Rouge. The basic operations of the Bureau are financed by a hotel-motel tax.

Reporting Entity

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

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectibility. Management believes all accounts are collectible at December 31, 2007.

Basis of Presentation and Accounting

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 direct expenses and program revenues for the Bureau's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the Bureau. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

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

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 generally adopted by the board of directors at the December meeting preceding 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 5 years for the Bureau's equipment. Capital assets are depreciated once they are placed in service.

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.

2. **LEASE COMMITMENT**

The Bureau leases its office building under an operating lease, which expired on December 31, 2007. At the end of the lease term, the Bureau exercised the option to extend the lease for one additional year, expiring December 31, 2008. Rent expense for the year ending December 31, 2007 was \$80,400. Future minimum lease payments if all options are exercised will be \$82,800 for 2008.

3. **BOARD MEMBER COMPENSATION**

The Board Members of the Bureau did not receive any compensation during 2007 or 2006.

4. **RELATED PARTY TRANSACTIONS**

The Bureau contributed \$100,000 to an organization related through common oversight authority during 2007.

The Bureau provided office space to two organizations related through common oversight authority during 2007. This office space was provided free of charge to the related organizations.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

5. 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 \$333,412 and the bank balance was \$502,616. Of the bank balance, \$100,000 was secured by federal depository insurance and \$402,616 was secured by collateral held by the pledging bank's agent in the Bureau's name.

The Bureau also invested \$1,279,930 at December 31, 2007, respectively, in the Louisiana Asset Management Pool (LAMP), Inc. a local government investment pool. In accordance with GASB Codification Section 150.125, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 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

6. **CAPITAL ASSETS**

	2007			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment	\$ 293,249	54,165	(27,430)	\$ 319,984
Automobiles	22,706	-	-	22,706
Construction in progress	-	1,154,950	-	1,154,950
	<u>\$ 315,955</u>	<u>1,209,115</u>	<u>(27,430)</u>	<u>\$ 1,497,640</u>
Less: Accumulated Depreciation	<u>\$ 83,525</u>	<u>97,737</u>	<u>(27,430)</u>	<u>\$ 153,832</u>
Net Capital Assets	<u>\$ 232,430</u>			<u>\$ 1,343,808</u>

7. **DESIGNATED FUND BALANCE**

The board has designated \$1,279,930 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:

	2007			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP – Special Project Account	\$ 856,041	102,907	(4,018)	\$ 954,930
LAMP – Operations Account	325,000	16,502	(16,502)	325,000
LAMP – Building Repair Account	850,000	390,202	(1,240,202)	-
	<u>\$ 2,031,041</u>	<u>\$ 509,611</u>	<u>(\$ 1,260,722)</u>	<u>\$ 1,279,930</u>

8. **RETIREMENT PLAN**

The Bureau contributed 10% and 8.5% in 2007 and 2006, respectively, 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. The Bureau contributed \$95,052 for the year ended December 31, 2007.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

9. **RECEIVABLES**

Receivables as of December 31, 2007 consisted of the following:

Hotel-Motel Taxes Receivable	\$	378,430
Other Receivables		7,798
	\$	<u>386,228</u>

10. **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 paying for the improvement, renovation and equipping of the new headquarters of the Bureau. The amount borrowed is due in monthly payments amortized over the life of the contract once funds are drawn, bearing interest at the SIFMA rate plus 1.2%. This contract ends December 21, 2029. No amounts had been drawn on the contract at December 31, 2007. The contract is secured by and payable from the lawful and available funds of the Bureau.

REQUIRED SUPPLEMENTAL INFORMATION

BATON ROUGE AREA CONVENTION & VISITORS BUREAU
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Tax revenue	\$ 3,500,000	\$ 3,500,000	\$ 3,503,402	\$ 3,402
Interest income	131,371	124,320	126,757	2,437
Miscellaneous income	750	750	7,189	6,439
Charges for services	5,600	9,269	12,636	3,367
Total revenues	<u>3,637,721</u>	<u>3,634,339</u>	<u>3,649,984</u>	<u>15,645</u>
<u>EXPENDITURES</u>				
Salaries and commissions	1,057,147	1,032,147	1,008,134	24,013
Payroll taxes and benefits	356,868	352,455	318,630	33,825
Advertising and promotion	1,209,900	1,153,607	1,124,995	28,612
Trade shows and FAM/Site visits	119,880	117,508	122,936	(5,428)
Special promotions	538,275	525,941	504,496	21,445
General and administrative	511,280	496,591	444,650	51,941
Contributions to Baton Rouge Sports Foundation	75,000	75,000	75,000	-
Capital outlay	51,000	54,500	54,165	335
Total expenditures	<u>3,919,350</u>	<u>3,807,749</u>	<u>3,653,006</u>	<u>154,743</u>
<u>EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</u>				
	(281,629)	(173,410)	(3,022)	170,388
<u>FUND BALANCE</u>				
Beginning of year	<u>1,194,123</u>	<u>1,079,166</u>	<u>3,134,654</u>	<u>2,055,488</u>
End of year	912,494	905,756	3,131,632	2,225,876
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:				
Beginning net assets- board designated for building purchase	850,000	850,000	-	-
Capital Outlay -building purchase	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,154,950</u>	<u>(4,950)</u>
	<u>\$ 612,494</u>	<u>\$ 605,756</u>	<u>\$ 1,976,682</u>	<u>\$ 2,220,926</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, 2007, and have issued our report thereon dated May 9, 2008. 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 over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Bureau's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Bureau's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting 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.

Festlithuante ; Nettewill

Baton Rouge, Louisiana

May 9, 2008