

**SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2012**

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 SEP 18 2013

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU  
Lake Charles, Louisiana

December 31, 2012

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SOUTHWEST LOUISIANA CONVENTION  
AND VISITORS BUREAU

December 31, 2012

BOARD OF DIRECTORS

Mike Carrier - Chairman  
Gary Cooper - Vice Chairman  
Donna Richard - Secretary/Treasurer  
Bernard Beaco  
Michael Dees  
Keith Henson  
Rob King  
Brant Parish  
Annette Ritchey  
Charles Timpa  
Nick Zaver

EXECUTIVE DIRECTOR

Shelley Johnson

LEGAL COUNSEL

Robert Kleinschmidt - Assistant District Attorney  
Eston Singletary - Attorney

# McELROY, QUIRK & BURCH

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08444 000 Audit 12/31/2013 1100 001 financial report

Robert M. Gam, CPA, MT  
Mollie C Broussard, CPA  
Jason L. Guillory, CPA  
Greg P Naquin, CPA, CFP™  
Billy D. Fisher, CPA  
Joe G Peshoff, II, CPA, CVA  
David M DesOrmeaux, CPA

Michael N McGee, CPA  
Paula J. Thompson, CPA  
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired  
Martin L. Chehovsky, CPA, CFE, CIFT™  
Carl W Comeaux, CPA, Retired

CFE - Certified Fraud Examiner  
CFE - Certified Financial Forensics  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Other Matters**

##### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-14 and 37-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Louisiana Convention and Visitors Bureau's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

## Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013 on our consideration of the Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting and compliance.

*Ms Elroy Quin & Burch*

Lake Charles, Louisiana  
June 27, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Southwest Louisiana Convention and Visitors Bureau's financial performance provides an overview of the Southwest Louisiana Convention and Visitors Bureau's financial activities for the year ended December 31, 2012.

### **USING THE ANNUAL REPORT**

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

### **Reporting the Southwest Louisiana Convention and Visitors Bureau as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

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

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

## Reporting the Bureau's Most Significant Funds

### Fund Financial Statements

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

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

### Reporting the Bureau's Fiduciary Responsibilities

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

### The Bureau as a Whole

For the year ended December 31, 2012, net position changed as follows:

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 4,189,560	\$ 5,162,715
Capital assets	<u>2,345,791</u>	<u>2,015,902</u>
Total assets	<u>6,535,351</u>	<u>7,178,617</u>
Long-term debt outstanding	(90,000)	(180,000)
Other current liabilities	<u>(377,324)</u>	<u>(283,057)</u>
Total liabilities	<u>(467,324)</u>	<u>(463,057)</u>

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Net position:		
Invested in capital assets, net of debt	2,255,791	1,835,902
Unrestricted	<u>3,812,236</u>	<u>4,879,658</u>
Total net position	<u>\$ 6,068,027</u>	<u>\$ 6,715,560</u>

Revenues increased from prior year as a result of the following: 1) occupancy tax increased from prior year offset by prior year grant funding for Disaster Recovery from the BP Oil Spill Disaster, 2) interest revenue decreased relating to a decreased cash level

Expenses increased from prior year due mainly to increased capital outlay to replace vehicles, as well as increased distribution of grant funds, and increased personnel costs due to the addition of a new position

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Program revenues:		
Occupancy tax	\$ 3,412,002	\$ 3,178,588
Intergovernmental	45,031	287,561
Advertising	50,575	67,790
Gift shop	25,531	28,283
General revenues:		
Interest	19,123	24,879
Miscellaneous	1,199	938
Total revenues	<u>3,553,461</u>	<u>3,588,039</u>
Program expenses:		
Salaries and benefits	1,312,652	1,184,802
Advertising, sales and promotions	1,648,360	1,209,546
Grants	696,144	513,032
Other program expenses	418,319	384,571
Interest	7,800	10,988
Depreciation	121,361	105,868
(Gain) on sale of assets	(3,649)	(3,100)
Total expenses	<u>4,200,987</u>	<u>3,405,707</u>
Increase (decrease) in net position	<u>\$ (647,526)</u>	<u>\$ 182,332</u>

**Governmental Activities**

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

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

	<u>Total Cost of Services</u>		<u>Net Benefit of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Tourism	<u>\$ 4,200,987</u>	<u>\$ 3,405,707</u>	<u>\$ (671,497)</u>	<u>\$ 153,415</u>

**The Bureau's Funds**

The following schedule presents a summary of the special revenue funds and expenditures for the years ended December 31, 2012 and 2011. Also presented on the schedule is the amount and percentage of increase or decrease from amounts for the year ended December 31, 2012.

	<u>Totals</u>		<u>Change from 2011</u>	<u>% Variance</u>
	<u>2012</u>	<u>2011</u>		
<b>Revenues.</b>				
Occupancy tax	\$ 3,412,002	\$ 3,178,588	\$ 233,414	7.34%
Interest and dividends	19,123	24,879	(5,756)	-23.13%
Gift shop	25,531	28,283	(2,752)	-9.73%
Intergovernmental	45,031	212,561	(167,530)	-78.82%
Cooperative advertising	50,575	67,790	(17,215)	-25.39%
Gain from sale of assets	3,649	3,100	549	17.70%
Miscellaneous	<u>1,199</u>	<u>938</u>	<u>261</u>	<u>27.80%</u>
Total revenues	<u>\$ 3,557,110</u>	<u>\$ 3,516,139</u>	<u>\$ (40,971)</u>	<u>-1.17%</u>

	Totals		Change from 2011	% Variance
	2012	2011		
<b>Expenditures:</b>				
Advertising, sales and promotions	\$ 1,648,360	\$ 1,209,546	\$ 438,814	36.28%
Personnel services	1,014,675	904,423	110,252	12.19%
Payroll taxes	73,806	71,496	2,310	3.23%
Employee benefits	224,171	208,883	15,288	7.32%
Accounting	15,000	19,500	(4,500)	-23.08%
Automobile	25,559	22,984	2,575	11.21%
Building maintenance	80,994	63,413	17,581	27.73%
Equipment contracts	91,332	87,853	3,479	3.96%
Gift shop	18,084	16,873	1,211	7.17%
Insurance-general	62,413	44,876	17,537	39.08%
Legal/professional fees	57,847	52,200	5,647	10.82%
Miscellaneous	3,761	9,164	(5,403)	-58.96%
Office	32,382	34,299	(1,917)	-5.59%
Utilities	30,655	32,887	(2,232)	-6.79%
Vending	295	524	(229)	-43.77%
Grants	696,144	513,032	183,112	35.69%
Capital outlay	454,434	102,470	351,964	343.48%
Bond retirement	90,000	85,000	5,000	5.88%
Interest expense	7,800	10,988	(3,188)	-29.01%
<b>Total expenditures</b>	<b>\$ 4,627,712</b>	<b>\$ 3,490,411</b>	<b>\$ 1,137,301</b>	<b>32.58%</b>

#### Revenue

- Occupancy tax increased 7.34% due to increased occupancy from corporate market and multiple events.
- Interest and dividends decreased 23.13% due to decreased cash balances.
- Intergovernmental revenue decreased 78.82% due to a 2011 grant from BP for disaster recovery for the Calcasieu Parish Police Jury that was managed by the Bureau through a cooperative endeavor agreement.
- Cooperative advertising decreased 25.39% due to grant funds received in 2011 from the Louisiana Tourism Coastal Coalition to advertise and promote tourism in coastal Louisiana through BP funds that we did not received in 2012.

#### Expenses:

- Advertising, sales and promotions increased 36.28% due to increased media relating to a Texas and Canadian marketing campaign as well as increased business promotions programs including familiarization tours, sporting events and sponsorships.

- Grants increased by 35.69% which relates to a grant provided to National Hurricane Museum & Science Center, cooperative agreement with the City of Sulphur for signage and Louisiana Bicentennial grants awarded.
- Capital outlay increased by 343.48% which relates to purchase of land to develop the West Calcasieu Interpretive Visitors Center.
- Personnel services increased 10.79% due to addition of new position.
- Accounting decreased 25.08% due to decreased audit fees.
- Building maintenance increased 27.73% which related to window replacement in the Visitors Center.
- Insurance general increased 39.08% relating to increased coverage for building flood policy and increased premium for auto insurance.
- Miscellaneous decreased 58.96% due to prior year employee enhancement expenses reclassified in current year to travel and conferences and seminars.

#### **Significant Budget Variances**

Over the course of the year, the Bureau revised the special revenue fund budget four times. These amendments increased budgeted revenues by \$284,450 and increased budgeted expenditures by \$652,465. A list of the major changes from the original budget and explanations for those changes are as follows:

#### **Revenues:**

Increase \$215,000 Occupancy Tax. Taxes collected on the hotel/motel tax were higher than projected as the industry experienced an increase in performance for the first half of 2012, and an adjustment was made for the year due to this trend.

Increase \$17,000 Cooperative Advertising. For cooperative sponsorship of a televised, national event.

Increase \$44,350 Intergovernmental: Funding received to provide project management.

Increase \$6,300 Gain/Loss on Sale of Assets. Relates to sale of surplus vehicle.

Increase \$3,000 Gift Shop Expected increase in sales due to increased inventory purchased

**Expenses .**

Increase \$125,000 Media Advertising Relates to the Texas and Canadian marketing campaign, offset by decreased expenditures for the BP disaster recovery.

Increase \$42,000 Business Promotions: For host/sponsorship of televised, national event

Increase \$10,000 Complementary Conversion Services: To purchase alligator mascot costumes for convention/event services.

Increase \$44,350 Personnel Services: Due to addition of new position.

Decrease \$4,500 Accounting: Relates to decreased audit fees.

Increase \$25,000 Building Maintenance: Relates to replacement of windows in the Visitor's Center.

Increase \$3,000 Gift Shop: Increase of inventory.

**Capital Assets**

At the end of December 31, 2012 and 2011, the Bureau had \$2,345,791 and \$2,015,902, respectively, in capital assets. See Note 3 for additional information about changes in capital assets during the year. The following table provides a summary of capital asset activity:

	<u>2012</u>	<u>2011</u>
Land	\$ 402,910	\$ -
Building	1,742,086	1,803,396
Transportation equipment	55,909	159,149
Furniture and fixtures	<u>144,886</u>	<u>53,357</u>
	<u>\$ 2,345,791</u>	<u>\$ 2,015,902</u>

**Long-Term Debt**

At the end of the fiscal year, the Bureau had total bonded debt outstanding of \$90,000, a decrease of \$90,000 from last year as follows:

**Outstanding Debt at Year-End**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenue bonds (backed by specific tax and fee revenues)	<u>\$ 90,000</u>	<u>\$ 180,000</u>

See Note 4 for additional information.

**Economic Factors**

The hotel occupancy revenue benefited from a strong corporate and event marketplace.

**Contacting the Bureau's Financial Management**

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

Shelley Johnson, Executive Director

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
December 31, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,621,866
Investments	230,644
Accounts receivable	255,341
Interest receivable	2,714
Other receivable	68,387
Prepaid expenses	<u>10,615</u>
Total current assets	<u>4,189,567</u>
NONCURRENT ASSETS	
Land	402,910
Capital assets, net of accumulated depreciation	<u>1,942,881</u>
Total noncurrent assets	<u>2,345,791</u>
Total assets	<u>6,535,358</u>
CURRENT LIABILITIES	
Accounts payable	97,122
Accrued liabilities	46,009
Deferred revenue	3,550
Deferred compensation benefits	<u>230,644</u>
Total current liabilities	<u>377,325</u>
NONCURRENT LIABILITIES	
Bonds payable	
Due in one year	90,000
Due in more than one year	<u>-</u>
	<u>90,000</u>
Total liabilities	<u>467,325</u>
NET POSITION	
Invested in capital assets, net of related debt	2,255,791
Unrestricted	<u>3,812,242</u>
Total net position	<u>\$ 6,068,033</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2012

	Functions/Programs			Total
	Operating	Promotional	Grants	
<b>Expenses</b>				
Salaries and benefits	\$ 593,794	\$ 718,858	\$ -	\$ 1,312,652
Advertising, sales and promotions	-	1,648,360	-	1,648,360
Grants	-	-	696,144	696,144
Other program expenses	418,320	-	-	418,320
Interest	7,800	-	-	7,800
Depreciation	<u>121,361</u>	-	-	<u>121,361</u>
Total expenses	1,141,275	2,367,218	696,144	4,204,637
<b>Program revenues</b>				
Occupancy tax	-	3,412,002	-	3,412,002
Intergovernmental	-	45,031	-	45,031
Gift shop	-	25,531	-	25,531
Advertising revenues	-	<u>50,575</u>	-	<u>50,575</u>
Net program (income)	<u>\$ 1,141,275</u>	<u>\$ (1,165,921)</u>	<u>\$ 696,144</u>	<u>671,498</u>
<b>General revenue</b>				
Interest, dividends				19,123
Gain on sale of assets				3,649
Miscellaneous				<u>1,199</u>
Total general revenues				<u>23,971</u>
Change in net position				(647,527)
Net position - beginning				<u>6,715,560</u>
Net position - ending				<u>\$ 6,068,033</u>

The accompanying notes are an integral part of these statements

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

BALANCE SHEET - GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUND  
December 31, 2012

ASSETS

Cash and cash equivalents	\$ 3,621,866
Investments	230,644
Accounts receivable	255,341
Interest receivable	2,714
Other receivable	68,387
Prepaid expenses	<u>10,615</u>
Total assets	<u>\$ 4,189,567</u>

LIABILITIES AND FUND EQUITY

Liabilities	
Accounts payable	\$ 97,122
Deferred revenue	3,550
Accrued liabilities	46,009
Deferred compensation benefit	<u>230,644</u>
Total liabilities	<u>377,325</u>
Fund equity	
Fund balance	
Unrestricted	
Unassigned	1,344,919
Committed	<u>2,467,323</u>
Total fund equity	<u>3,812,242</u>

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds, consisting of.	
Land	402,910
Capital assets, net of \$632,731 accumulated depreciation	<u>1,942,881</u>
	<u>2,345,791</u>

Some liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds	<u>(90,000)</u>
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Net position of government activities	<u>\$ 6,068,033</u>
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The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

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

SPECIAL REVENUE FUND

Year Ended December 31, 2012

Revenues:

Occupancy tax	\$ 3,412,002
Interest, dividends	19,123
Gift shop	25,531
Intergovernmental	45,031
Advertising revenues	50,575
Proceeds from sale	6,831
Miscellaneous	1,199
Total revenues	3,560,292

Expenditures:

Advertising, sales and promotions:

Ad specialties	28,545
Film and video	11,496
Business promotion	313,820
Convention services	19,521
Conferences and seminars	40,251
Media advertising	831,431
Membership	22,799
Newsletter/public affairs	37,813
Outdoor advertising	48,210
Postage	55,119
Printed literature	108,631
Telephone	20,377
Travel	110,346
Total advertising, sales and promotions	1,648,359

Personnel services:

Salaries-full time	1,011,330
Contract labor	3,345
Payroll taxes	73,806
Employee benefits	224,171
Total personnel services	1,312,652

Operations

Accounting	15,000
Automobile	25,559
Bank fees	57
Building maintenance	80,994
Equipment contracts	91,331
Gift shop	18,084
Insurance-general	62,413
Legal fees	57,847

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

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

SPECIAL REVENUE FUND

Year Ended December 31, 2012

(Continued)

Expenditures (cont.):	
Operations (cont.):	
Miscellaneous	3,702
Office	32,382
Utilities	30,655
Vending	295
Total operations	<u>418,319</u>
Grants:	
Arts and tourism and non-profit matching grants	<u>696,144</u>
Capital outlay:	
Furniture and equipment	<u>454,434</u>
Debt service.	
Bond retirement	90,000
Interest expense and fees	7,800
Total debt service	<u>97,800</u>
Total expenditures	<u>4,627,708</u>
Excess of revenues over expenditures	(1,067,416)
Other financing sources	<u>-</u>
Net change in fund balance	(1,067,416)
Fund balance - beginning	<u>4,879,658</u>
Fund balance - ending	<u>\$ 3,812,242</u>

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

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

SPECIAL REVENUE FUND

Year Ended December 31, 2012

(Continued)

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

Net change in fund balances-total governmental funds \$(1,067,416)

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

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

Capital asset purchases capitalized	51,524
Land purchased	402,910
Proceeds from sale of capital assets in excess of Gain on sale	(3,184)
Depreciation expense	(121,361)

Repayment of bond principal is an expenditure  
in the governmental funds, but the repayment  
reduces long-term liabilities in the statement  
of net position.

90,000

Change in net position of governmental activities \$ (647,527)

The accompanying notes are an integral part of these statements

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
December 31, 2012

ASSETS

Investments	<u>\$ 508,417</u>
-------------	-------------------

LIABILITIES

Deferred compensation benefits	<u>\$ 508,417</u>
--------------------------------	-------------------

The accompanying notes are an integral part of these statements.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
Year Ended December 31, 2012

ADDITIONS	
Employee and employer contributions	\$ 54,905
DEDUCTIONS	
Net depreciation in fair value of investments	<u>36,384</u>
Change in net position	91,289
Net position held in agency funds	
Beginning of year	<u>417,128</u>
End of year	<u>\$ 508,417</u>

The accompanying notes are an integral part of these statements

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Southwest Louisiana Convention and Visitors Bureau have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Bureau's more significant accounting policies are described below.

A. NATURE OF BUSINESS

The operations of the Southwest Louisiana Convention and Visitors Bureau are to promote conventions and tourism in the Calcasieu Parish area.

B. REPORTING ENTITY

The Southwest Louisiana Convention and Visitor's Bureau was created in 1972 by an Act of the Louisiana Legislature. That Act was amended and reenacted by Act 47 to create the Bureau as a political subdivision of the State of Louisiana effective for 1997 with the purpose of promoting conventions and tourism in the Calcasieu Parish area. During 2000 the Louisiana Legislature increased the seven person governing board to an eleven person Board of Directors. The following governmental bodies appoint members to and are represented on the Board:

Calcasieu Parish Police Jury-six members  
The City of Lake Charles-three members  
West Calcasieu Community Center Authority-one member  
The City of Sulphur-one member

The financial statements of the Bureau include all operations and activities of the Bureau under control and authority of the Board of Directors and it was determined that no other agency should be included in this reporting entity.

## C BASIS OF PRESENTATION

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

### FUND FINANCIAL STATEMENTS

The Southwest Louisiana Convention and Visitors Bureau use funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The financial statements in this report are grouped into the following fund types.

One governmental fund type, a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

One fiduciary fund type, an agency fund used to account for the deferred compensation plan. Agency funds are custodial in nature and do not involve measurement of operations.

D MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus applied.

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

The Bureau uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include occupancy tax, interest, dividends, and intergovernmental revenue.

The Bureau's records are maintained on a modified accrual basis of accounting, utilizing the following practices:

Revenues:

Revenues collected in the current period that was measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue.

**Expenditures:**

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

**Advertising:**

The Bureau elects to expense advertising cost as incurred. The advertising cost for the year ended December 31, 2012 amounted to \$1,648,359.

**Pervasiveness of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Deferred outflows of resources and deferred inflows of resources:**

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

**Net position flow assumption:**

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

New accounting pronouncements:

During the fiscal year ended December 31, 2012, the District adopted GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No 65, Items Previously Reported as Assets and Liabilities. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB Nos. 65 must be implemented by the Bureau for the year ending December 31, 2013. The effect of implementation on the Bureau's financial statements has not yet been determined.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Director and the budget committee submit to the Board of Directors a proposed budget prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After a complete review the budget is approved. The Board must approve any revisions. Formal budgetary integration is employed as a management control device during the year. All budgetary appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2012, budgeted amounts for revenues were increased approximately \$240,100 and expenditures were increased approximately \$652,465. The major part of the revenue increase is represented by the unanticipated increased occupancy tax collections. The major part of the expenditure increase is related to the spending for Texas market ad buy, the design of a new website and customer relationship management system, and purchase of land. Encumbrance accounting is not used.

F. DEPOSITS AND INVESTMENT DEPOSITS

DEPOSITS

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

State statutes authorize the Bureau to invest in obligations of the US Treasury, US Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R S. 39-1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool. Investments in LAMP at December 31, 2012 totaled \$164,614.

Credit Risk. The Bureau's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC).

INVESTMENTS

As of December 31, 2012, the Bureau had the following investments and maturities.

<u>Investment Type</u>	<u>Investment Maturities</u> <u>(in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>
Merrill Lynch	\$ 230,644	\$ 230,644

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

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

G CAPITAL ASSETS AND DEPRECIATION

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

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

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

H. COMPENSATED ABSENCES

The Bureau has the following policy related to vacation and sick leave:

The cost of current leave and sick pay are recognized as current year expenditures when leave is actually taken. Vacation and sick pay do not accrue from year to year.

I. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2012, as all receivables were considered collectible.

Note 2. Lease Agreement

The Bureau occupies property it has leased through a joint service agreement with the City of Lake Charles. The agreement provides the Bureau use of the land at no cost.

Note 3. Capital Assets

Capital asset activity for the year ending December 31, 2012 was as follows.

	Balance <u>1/1/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/12</u>
<b>Governmental activities</b>				
Land	\$ -	\$ 402,910	\$ -	\$ 402,910
Building and grounds	2,107,190	-	-	2,107,190
Furniture and equipment	367,560	28,471	(37,856)	358,175
Transportation equipment	<u>105,352</u>	<u>23,053</u>	<u>(18,157)</u>	<u>110,248</u>
Totals at historical cost	<u>2,580,102</u>	<u>454,434</u>	<u>(56,013)</u>	<u>2,978,523</u>
<b>Less accumulated depreciation</b>				
Building	303,794	61,310	-	365,104
Furniture and equipment	208,411	44,694	(39,816)	213,289
Transportation equipment	<u>51,995</u>	<u>15,357</u>	<u>(13,013)</u>	<u>54,339</u>
Total accumulated depreciation	<u>564,200</u>	<u>121,361</u>	<u>(52,829)</u>	<u>632,732</u>
Government activities capital assets, net	<u>\$ 2,015,902</u>	<u>\$ 333,082</u>	<u>\$ (3,184)</u>	<u>\$ 2,345,791</u>

Note 4 Long-Term Debt

Long-term debt is comprised of the following at December 31, 2012:

Excess Revenue Certificates of Indebtedness 2004

Series B payable to Argent Trust Company in the original amount of \$500,000; dated April 1, 2004, bearing a variable interest rate between 3.25% and 4.00%, payable July 1, 2004, and semi-annually thereafter on January 1 (principal and interest) and July 1 (interest) each year. The certificates are secured by and payable in principal and interest from irrevocable pledge and dedication of the excess of annual revenues of the issuer, those funds and monies of the issuer budgeted, allocated, available, dedicated, set aside or otherwise to be utilized to fund or make debt service payments, and the revenues, income, receipts and funds of the issuer derived from any monies appropriated from any fund created in Chapter 2-B of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended (collectively the "Revenues") of the issuer

\$ 90,000

Summary of changes in long-term debt

	Balance			Balance	Due
	12/31/11	Additions	Retirements	12/31/12	Within One
					Year
Excess revenue Certificate of Indebtedness 2004 Series B	\$ 180,000	\$ -	\$ 90,000	\$ 90,000	\$ 90,000

On April 28, 2004, the Bureau issued \$400,000 in revenue bonds with a net interest rate of 3.00% to advance refund \$400,000 of outstanding 1998 series bonds with a net interest rate of 4.83%. The Bureau advance refunded the 1998 series bonds to reduce its total debt service payments over the next four years by approximately \$21,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,200. The Bureau also issued an additional \$500,000 in revenue bonds on April 28, 2004 to fund new projects.

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2012, including interest of \$3,600, are as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2013	\$ 90,000	\$ 3,600

Note 5. Compensation for Board of Directors

The Board of Directors received no compensation for the year ended December 31, 2012.

Note 6. Equity

The Southwest Louisiana Convention and Visitors Bureau adopted Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in the current year. In accordance with GASB No. 54, the Bureau classifies governmental fund balances as follows:

Non-spendable -

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

Restricted -

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

Committed -

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

Assigned -

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

Unassigned -

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

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

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

Vehicle fund	\$ 60,052
Bond retirement fund	249,550
Major expenditure fund	200,832
Sports	230,336
Business continuity emergency	1,672,609
CPPJ-BP recovery funds	<u>53,944</u>
	<u>\$ 2,467,323</u>

The Bureau does not have a formal minimum fund balance policy

## Net Position

Net position is displayed in three components.

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

## Note 7. Occupancy Tax

Act 47 of the Louisiana Legislature authorized the Southwest Louisiana Convention and Visitors Bureau to levy and collect a 4% tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within its jurisdiction. The jurisdiction of the Bureau is composed of all the territory in Calcasieu Parish. The proceeds of the tax shall be used by the Bureau for the operation of the Bureau, and for the purpose of attracting conventions and tourists into the area, and jurisdiction of the Bureau including, but not limited to, the authority to spend money for advertising, promotion, and publication of information, or for any other purpose generally or specifically authorized for occupancy taxes in the parish by this Act 47 or by any local, special, or general law.

## Note 8. Deferred Compensation Plan

The Bureau offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Bureau employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

ING Financial Advisers, LLC is managing the 457 plan. The employee makes the choice of the investment options for the Section 457 plan.

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

Note 9. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) has entered into agreements with the Louisiana Department of Transportation (DOTD). The DOTD, with the assistance of the Federal Highway Administration (FHWA) has implemented a Louisiana Scenic Byways Program to improve the Creole Nature Trail. The costs of the projects are a joint participation between the FHWA and the Bureau, with the Bureau contributing the 20% match of the participating cost and the FHWA contributing, through the DOTD, the remaining 80% at the time of authorization.

On December 16, 1999, the Southwest Louisiana Convention and Visitors Bureau (Bureau) entered into a cooperative endeavor agreement with the Creole Nature Trail Scenic Byway District (District) related to the DOTD agreements. This agreement continues in effect. The District bound itself to the DOTD Agreements to the same extent as if it had been a party thereto and to undertake the projects described in the Agreements. The Bureau on behalf of the District applied for the grants for the projects described in the Agreements. The Bureau submits claims to the DOTD for reimbursement of 80% of the project costs and upon receipt of the funds, remits to the District a like amount. The District administers the grant funds, including the local matching funds and reports all disbursements to the Bureau quarterly.

During 2012 the Creole Nature Trail Scenic Byway District administered the following funds:

Revenue:	
Southwest Louisiana Conventional and Visitor's Bureau	\$ 250,008
Intergovernmental revenue:	
Louisiana Department of Transportation and Development and Federal Highway Administration	62,860
Interest	<u>662</u>
Total revenue	<u>313,530</u>
Expenditures.	
Current operating.	
Action plan	5,159
Hurricane recovery	2,419
Seed grant	13,031
Interpretive kiosk	53,559
Travel	5,763
Professional fees	46,808
Miscellaneous	32,963
Hurricane center	10,956
Newsletter	<u>1,645</u>
Total expenditures	<u>172,303</u>
(Deficiency) of revenue over expenditures	<u>\$ 141,227</u>

Note 10. Subsequent Events

In 2013, the Bureau issued \$2.5 million of DEQ Revenue Bonds to construct a visitor/interpretive center in Sulphur, Louisiana.

Subsequent events have been evaluated through June 27, 2013, the date the financial statements were available to be issued.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2012

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

- Budgetary comparison schedules - Special Revenue Fund

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE

Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Occupancy tax	\$ 3,000,000	\$ 3,215,000	\$ 3,412,002	\$ 197,002
Interest, dividends	21,000	19,800	19,123	(677)
Intergovernmental	750	45,100	45,031	(69)
Gift shop	27,000	30,000	25,531	(4,469)
Advertising revenues	35,000	52,000	50,575	(1,425)
Proceeds on sale	-	6,300	6,831	531
Miscellaneous	1,200	1,200	1,199	(1)
Total revenues	<u>3,084,950</u>	<u>3,369,400</u>	<u>3,560,292</u>	<u>190,892</u>
<b>Expenditures</b>				
<b>Advertising, sales and promotions</b>				
Ad specialties	21,500	27,500	28,545	(1,045)
Film and video	11,500	11,500	11,496	4
Business promotion	363,600	405,600	313,820	91,780
Convention services	12,000	22,000	19,521	2,479
Media advertising	734,935	859,550	831,431	28,119
Membership	20,000	22,000	22,799	(799)
Newsletter	41,000	41,000	37,813	3,187
Outdoor advertising	50,000	50,000	48,210	1,790
Postage	75,000	75,000	55,119	19,881
Printed literature	133,300	133,300	108,631	24,669
Telephone	20,000	20,000	20,377	(377)
Tradeshows, conferences and seminars	63,828	63,828	40,251	23,577
Travel	154,800	154,800	110,346	44,454
Total	<u>1,701,463</u>	<u>1,886,078</u>	<u>1,648,359</u>	<u>237,719</u>
<b>Personnel services</b>				
Salaries-full time	995,000	1,031,700	1,011,330	20,370
Contract labor	3,500	3,500	3,345	155
Payroll taxes	76,000	79,000	73,806	5,194
Group insurance	220,000	224,650	224,171	479
Total	<u>1,294,500</u>	<u>1,338,850</u>	<u>1,312,652</u>	<u>26,198</u>

(continued on next page)

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE

Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (cont )				
Operations				
Accounting	19,500	15,000	15,000	-
Automobile	25,000	25,000	25,559	(559)
Building maintenance	47,000	72,000	80,994	(8,994)
Equipment contracts	97,200	97,200	91,331	5,869
Gift shop	15,400	18,400	18,084	316
Insurance-general	48,000	48,000	62,413	(14,413)
Legal fees	59,000	59,000	57,847	1,153
Miscellaneous	13,000	13,000	3,702	9,298
Office	37,000	37,000	32,382	4,618
Utilities	34,000	34,000	30,655	3,345
Vending	700	700	295	405
Bank fees	-	-	57	(57)
Total	<u>395,800</u>	<u>419,300</u>	<u>418,319</u>	<u>981</u>
Grants	<u>601,000</u>	<u>601,000</u>	<u>696,144</u>	<u>(95,144)</u>
Debt service				
Interest expense and fees	8,000	8,000	7,800	200
Bond retirement	90,000	90,000	90,000	-
Total	<u>98,000</u>	<u>98,000</u>	<u>97,800</u>	<u>200</u>
Capital outlay	<u>60,000</u>	<u>460,000</u>	<u>454,434</u>	<u>5,566</u>
Total expenditures	<u>4,150,763</u>	<u>4,803,228</u>	<u>4,627,708</u>	<u>175,520</u>
Excess (deficiency) of revenues over expenditures	(1,065,813)	(1,433,828)	(1,067,416)	366,412
Fund balances - beginning	<u>4,879,658</u>	<u>4,879,658</u>	<u>4,879,658</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,813,845</u>	<u>\$ 3,445,830</u>	<u>\$ 3,812,242</u>	<u>\$ 366,412</u>

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2012

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Expenditures</u>
Louisiana Department of Transportation	20 205		<u>\$ 62,860</u>

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CFE Certified Fraud Examiner  
CFP Certified Financial Planner  
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CVA Certified Valuation Analyst

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Southwest Louisiana Convention and Visitors Bureau as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Southwest Louisiana Convention and Visitors Bureau's basic financial statements, and have issued our report thereon dated June 27, 2013.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item 12-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southwest Louisiana Convention and Visitors Bureau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants and 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*.

#### **Southwest Louisiana Convention and Visitors Bureau's Response to Findings**

Southwest Louisiana Convention and Visitors Bureau's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwest Louisiana Convention and Visitors Bureau's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

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

This report is intended solely for the information and use of the Board of Directors, management, federal agencies and the Legislative Auditor of the State of Louisiana 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.

*Ms Elroy Quirk & Beach*

Lake Charles, Louisiana

June 27, 2013

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2012

**12-01 Segregation of Duties**

**Condition.** Because of the Bureau's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control

**Criteria** Effective internal control requires adequate segregation of duties among client personnel.

**Effect:** Without proper segregation of duties, errors within the financial records or fraud could go undetected.

**Recommendation:** To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

**Response.** We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

SOUTHWEST LOUISIANA CONVENTION AND VISITORS BUREAU

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2012

**11-01 Segregation of Duties**

**Condition:** Because of the Bureau's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control

**Recommendation:** To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

**Current status:** See current year finding 12-01.