

**TANGIPAHOA PARISH CONVENTION AND VISITORS BUREAU
HAMMOND, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
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June 18, 2013

Independent Auditor's Report

Mr. Charles "Buddy" Pugh, Chairman and
Members of the Board of Directors
Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Tangipahoa Parish 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 Tangipahoa Parish 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 23 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013, on our consideration of the Tangipahoa Parish Convention and Visitors Bureau's internal control over financial reporting and on our tests 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tangipahoa Parish Convention and Visitors Bureau's internal control over financial reporting and compliance.

Respectfully submitted,



Durnin & James, CPAs
(A Professional Corporation)

Required Supplementary Information (Part I):

Management's Discussion and Analysis

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
Management's Discussion and Analysis
December 31, 2012

Introduction

The Tangipahoa Parish Convention and Visitors Bureau (the "Bureau") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Bureau's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$4,086,112 at December 31, 2012, and exceeded liabilities in the amount of \$4,061,920 (i.e., net position). Of the total net position, \$2,024,947 was unrestricted and available to support short-term operations with the balance invested in capital assets.
- Occupancy fees for the fiscal year ending December 31, 2012 were \$709,714 representing an increase of 5.84% from the total occupancy fees of \$670,532 for the fiscal year ending December 31, 2011.
- The Bureau's operating expenses decreased by \$8,785 to \$1,125,189 as compared to \$1,133,974 for the prior fiscal year. The decrease is due primarily to a decrease in "Capital Outlay" of \$83,683 and an increase in "Salaries and Related Benefits" of \$73,055.
- Interest income for the fiscal year ended December 31, 2012, totaled \$12,801 representing an increase of \$1,406 from the prior fiscal year. The increase is due primarily to the increase in the interest rate earned on investments.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Bureau's financial condition and performance.

The financial statements report information on the Bureau using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the nature and amount of the Bureau's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Bureau and assessing the liquidity and financial flexibility of the Bureau.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year.

This statement measures the success of the Bureau's operations in a format that can be used to determine if the Bureau has recovered its costs through user fees and other charges.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Bureau's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a

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comparative budget schedule, key information schedules on operation of the Bureau, and schedules detailing audit findings and management response.

Financial Analysis

The purpose of financial analysis is to help determine whether the Bureau is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets and the Statement of Activities, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the Bureau. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Position

	December 31, 2012	December 31, 2011	Dollar Change	Percent Change
Current and Other Assets	\$ 2,049,139	\$ 1,896,958	\$ 152,181	8.02%
Capital Assets	2,036,973	2,110,366	(73,393)	-3.48%
Total Assets	<u>\$ 4,086,112</u>	<u>\$ 4,007,324</u>	<u>\$ 78,788</u>	1.97%
Current Liabilities	<u>\$ 24,192</u>	<u>\$ 7,913</u>	<u>\$ 16,279</u>	205.72%
Total Liabilities	<u>\$ 24,192</u>	<u>\$ 7,913</u>	<u>\$ 16,279</u>	205.72%
Invested in Capital Assets, Net of Related Debt	\$ 2,036,973	\$ 2,110,366	\$ (73,393)	-3.48%
Unrestricted	2,024,947	1,889,045	135,902	7.19%
Total Net Position	<u>\$ 4,061,920</u>	<u>\$ 3,999,411</u>	<u>\$ 62,509</u>	1.56%
Total Liabilities and Net Position	<u>\$ 4,086,112</u>	<u>\$ 4,007,324</u>	<u>\$ 78,788</u>	1.97%

The major components of change for "Current and Other Assets" are a \$135,865 increase in cash, a \$12,233 increase in receivables, and a \$4,083 increase in investments.

"Capital Assets" decreased by \$73,393 reflecting the purchase of a vehicle, improvements of \$7,575, in addition to furniture and equipment of \$12,730. The corresponding decrease in capital assets reflects current year depreciation recorded of \$110,279 for the fiscal year ending December 31, 2012.

"Total Net Position" (total assets less total liabilities) increased by \$62,509 for the fiscal year ending December 31, 2012, primarily because of the increase in "Current and Other Assets" of \$152,181, and corresponding decrease in capital assets of \$73,393 and increase in current liabilities of \$16,279.

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Condensed Statement of Activities

	December 31, 2012	December 31, 2011	Dollar Change	Percent Change
Revenues:				
Operating Revenues	\$ 1,248,289	\$ 1,223,737	\$ 24,552	2.01%
Nonoperating Revenues	12,802	11,395	1,407	12.35%
Total Revenues	<u>\$ 1,261,091</u>	<u>\$ 1,235,132</u>	<u>\$ 25,959</u>	2.10%
Expenses:				
Depreciation Expense	\$ 110,279	\$ 102,035	\$ 8,244	8.08%
Other Operating Expenses	1,088,303	1,013,405	74,898	7.39%
Total Expenses	<u>\$ 1,198,582</u>	<u>\$ 1,115,440</u>	<u>\$ 83,142</u>	7.45%
Changes in Net Position	\$ 62,509	\$ 119,692	\$ (57,183)	-47.78%
Beginning Net Position	3,999,411	3,879,719	119,692	3.09%
Ending Net Position	<u>\$ 4,061,920</u>	<u>\$ 3,999,411</u>	<u>\$ 62,509</u>	1.56%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of how the Bureau is being conservatively managed. Total "Operating Revenues" increased by \$24,552 (2.01%). Nonoperating Revenues, consisting of interest income, increased by \$1,407 reflecting an increase in interest rates. Total expenses increased by \$83,142 from the prior fiscal year primarily due to the addition of a full time employee. "Depreciation Expense" increased for fiscal year ending December 31, 2012. For the category of expense most controllable by the Bureau, "Other Operating Expense," there was a \$74,898 increase from the prior year. "Other Operating Expense" includes expenditures for operations, other than for "Depreciation Expense."

The Bureau showed an income of \$62,509 for the fiscal year ended December 31, 2012, as compared to an income of \$119,692 for the fiscal year ended December 31, 2011.

Budgetary Highlights

The Bureau adopts an annual operating budget in accordance with requirements of the provisions of Louisiana R.S. 33.4574.2. The Bureau prepares and submits its annual budget to the Parish Council for approval. The Parish Council approves the budget through the adoption of a Parish ordinance. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the Bureau. The operating budget is adopted before the end of the prior fiscal year, and is amended after review of monthly budget-to-actual financial reports, by approval of the Parish Council. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 – Budgetary Comparison Schedule," as supplementary information, following the footnotes to the financial statements.

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Budget vs. Actual – Fiscal Year Ended December 31, 2012

	Budget for December 31, 2012	Actual for December 31, 2012	Favorable (Unfavorable) Variance
Revenues:			
Operating	\$ 1,112,250	\$ 1,248,289	\$ 136,039
Nonoperating	10,000	12,802	2,802
Total Revenues	<u>1,122,250</u>	<u>1,261,091</u>	<u>138,841</u>
Operating Expenses:			
Salaries and Related Benefits	458,000	456,640	1,360
Payroll Taxes	7,500	6,150	1,350
Advertising and Promotion	478,050	446,162	31,888
Automobile	24,000	14,974	9,026
Visitor Guide Expense	10,000	14,177	(4,177)
Dues / Subscriptions	6,500	5,738	762
Grant Expenditures	8,000	17,826	(9,826)
Insurance	18,200	10,096	8,104
Office Supplies	16,000	22,487	(6,487)
Operating Leases	6,000	6,420	(420)
Professional Fees	14,000	15,750	(1,750)
Repairs & Maintenance	20,000	25,081	(5,081)
Training	12,000	14,528	(2,528)
Utilities	30,000	28,395	1,605
Other	4,000	3,879	121
Capital Outlay	10,000	36,886	(26,886)
Total Expenses	<u>1,122,250</u>	<u>1,125,189</u>	<u>(2,939)</u>
Income / (Loss)	<u>\$ -</u>	<u>\$ 135,902</u>	<u>\$ 135,902</u>

“Nonoperating Revenues” were over budget by \$2,802. “Operating Revenues” were over budget by \$136,039, primarily due to an increase in occupancy tax collected over expected. “Advertising & Promotion” was under budget by \$31,888. These and other factors resulted in a positive variation of \$135,902 below budget.

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the Bureau. This is followed by an analysis of any significant account changes, not included within other sections of the MD&A.

Tangipahoa Parish Convention and Visitors Bureau
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Management's Discussion and Analysis
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General Operating Data

	December 31, 2012	December 31, 2011	Increase (Decrease)
Occupancy Tax:			
Parish	\$ 709,714	\$ 670,531	\$ 39,183
State	500,000	510,745	(10,745)
Total	<u>\$ 1,209,714</u>	<u>\$ 1,181,276</u>	<u>\$ 28,438</u>

Capital Assets

At the end of the fiscal year ending December 31, 2012, the Bureau had \$2,036,973 (net of accumulated depreciation) recorded in capital assets. This includes land, vehicles, furniture, equipment, and buildings. The changes in capital assets are presented in the table below.

	December 31, 2012	December 31, 2011	Dollar Change	Percent Change
Land	\$ 165,870	\$ 165,870	-	0.00%
Buildings	1,691,875	1,691,875	-	0.00%
Vehicles	16,581	-	16,581	100.00%
Equipment	115,419	110,494	4,925	4.46%
Furniture	236,483	229,973	6,510	2.83%
Improvements	319,583	312,008	7,575	2.43%
Subtotal	2,545,811	2,510,220	35,591	1.42%
Less: Accumulated Depreciation	508,838	399,854	108,984	27.26%
Net Capital Assets	<u>\$ 2,036,973</u>	<u>\$ 2,110,366</u>	<u>\$ (73,393)</u>	-3.48%

Future Economic Plans

The Bureau's management approach is conservative. The Board of Commissioners actively monitors revenues and expenses and evaluates the costs of proposed expansion projects.

Basic Financial Statements

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
Governmental Fund Balance Sheet / Statement of Net Position
December 31, 2012

Exhibit A

	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets			
Cash and Cash Equivalents	\$ 782,117	\$ -	\$ 782,117
Receivables, Net of Allowance for Uncollectible Accounts	112,939	-	112,939
Investments	1,154,083	-	1,154,083
Capital Assets, Net of Accumulated Depreciation	-	2,036,973	2,036,973
Total Assets	\$ 2,049,139	\$ 2,036,973	\$ 4,086,112
Liabilities			
Accounts Payable	\$ 24,192	\$ -	\$ 24,192
Payroll Taxes Payable	-	-	-
Total Liabilities	\$ 24,192	\$ -	\$ 24,192
Fund Equity / Net Position			
Net Investment in Capital Assets	\$ -	\$ 2,036,973	\$ 2,036,973
Fund Balance - Committed	325,000	(325,000)	-
Fund Balance - Unassigned	1,699,947	(1,699,947)	-
Unrestricted Net Position	-	2,024,947	2,024,947
Total Fund Equity / Net Position	\$ 2,024,947	\$ 2,036,973	\$ 4,061,920

The accompanying notes are an integral part of this statement.

**Tangipahoa Parish Convention and Visitors Bureau
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Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balance / Statement of Activities
For the Year Ended December 31, 2012

	General Fund	Adjustments (Note 1)	Statement of Activities
Expenditures / Expenses			
Current:			
Salaries and Related Benefits	\$ (462,790)	\$ -	\$ (462,790)
Advertising & Promotion	(446,162)	-	(446,162)
Automobile	(14,974)	-	(14,974)
Commissioner Related	(1,770)	-	(1,770)
Dues / Subscriptions	(5,738)	-	(5,738)
Grant Expenditures	(17,826)	-	(17,826)
Insurance	(10,096)	-	(10,096)
Office Supplies	(22,487)	-	(22,487)
Operating Leases	(6,420)	-	(6,420)
Professional Fees	(15,750)	-	(15,750)
Repairs & Maintenance	(25,081)	-	(25,081)
Training	(14,528)	-	(14,528)
Other	(2,109)	-	(2,109)
Utilities	(28,395)	-	(28,395)
Visitor Guide Expense	(14,177)	-	(14,177)
Capital Outlay	(36,886)	36,886	-
Depreciation Expense	-	(110,279)	(110,279)
Total Expenditures / Expenses	(1,125,189)	(73,393)	(1,198,582)
General Revenues:			
Taxes, Net of Collection Fees	709,714	-	709,714
Intergovernmental	500,000	-	500,000
Interest	12,801	-	12,801
Grant Revenue	17,826	-	17,826
Other	20,750	-	20,750
Total General Revenues	1,261,091	-	1,261,091
Excess (Deficiency) of Revenues			
Over Expenditures / Expenses	135,902	(73,393)	62,509
Fund Balance / Net Position:			
Beginning of the Year	1,889,045	2,110,366	3,999,411
End of the Year	\$ 2,024,947	\$ 2,036,973	\$ 4,061,920

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Convention and Visitors Bureau

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Notes to the Financial Statements

For the Year Ended December 31, 2012

Narrative Profile

The Tangipahoa Parish Convention and Visitors Bureau (hereafter referred to as the "Bureau") was created by Ordinance No. 79-12-1 of the Tangipahoa Parish Council (hereafter referred to as "Parish Council") as provided by Louisiana Revised Statutes 33:4574 – 4574.3. The purpose and duties of the Bureau are to promote tourism within Tangipahoa Parish. The Bureau is governed by a board of eight directors appointed by the Parish Council for three-year terms.

To fund the operations of the Bureau, a four percent tax is levied upon the rental or fee charged for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the Parish of Tangipahoa. The Sheriff of Tangipahoa Parish acts as collecting agent for the tax for a fee of five percent of the taxes collected. The Bureau presently has six (6) full-time employees and six (6) part-time, which staff a full-time tourist information center in Hammond, Louisiana.

The accounting and reporting policies of the Bureau conform to generally accepted accounting principles as applicable to governments. Such accounting and procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary Of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Bureau have been prepared in conformity with governmental 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. These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Bureau has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that requires capital contributions to the Bureau to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net

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position, rather than net assets. The definition and reporting of net position is further described in *Footnote 1-M – Net Position and Footnote 1-N – Fund Equity*.

B. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Parish Council appoints the board members, the Bureau was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Bureau and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The Bureau uses fund accounting 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 defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the Bureau's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Bureau. The following is the Bureau's governmental fund:

General Fund – The General Fund is the general operating fund of the Bureau. It is used to account for all financial resources, except those required to be accounted for in another fund.

D. Basis of Accounting

The amounts reflected in the Governmental Funds of Exhibits A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Bureau's operations.

The amounts reflected in the Governmental Funds of Exhibits A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to

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accrual (i.e., when they become both 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 Bureau considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Hotel / motel taxes are considered "measurable" when in the hands of the collecting agency and are recorded as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reduction of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Interest income represents amounts earned on checking accounts and investments with financial institutions. Interest earned on checking accounts and investments is recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are not recognized until due.

E. Government-Wide Financial Statements

The column labeled Statement of Net Position (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the Bureau as a whole. These statements include all the financial activities of the Bureau. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and the Statement of Net Position (Exhibit A) for the year ended December 31, 2012 is as follows:

<u>Exhibit B</u>	
Capitalization of Capital Assets	\$ 36,886
Recording of Depreciation Expense	<u>(110,279)</u>
	(73,393)
Adjustment to Beginning Fund Balance for Prior Year Capital Assets	<u>2,110,366</u>
Net Effect of Changes	<u>\$ 2,036,973</u>

<u>Exhibit A</u>	
Recording of Net Investment in Capital Assets	<u>\$ 2,036,973</u>
Net Effect of Changes	<u>\$ 2,036,973</u>

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For the Year Ended December 31, 2012

F. Budgetary Practices

In accordance with provisions of Louisiana R.S. 33:4574.2, the Bureau prepared and submitted its annual budget to the Parish Council for approval. The Parish Council approves the annual budget submitted by the Bureau through the adoption of a parish ordinance. Amendments to the adopted budget require approval of the Parish Council in the same manner as the adoption of the original budget. The Bureau prepares its budget on the modified accrual basis of accounting. The budgets presented in these financial statements are as originally adopted, or amended, if applicable.

G. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Bureau may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Bureau may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost. See Note 3 regarding cash, cash equivalents, and investments, for further information regarding cash and investments. Investments are stated at cost.

H. Inventories

The Bureau uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The Bureau did not record inventory at December 31, 2012.

I. Prepaid Items

The Bureau did not record any prepaid items at December 31, 2012.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which capital asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Position and the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Vehicles	5 Years
Furniture	7 Years
Equipment	5 Years
Buildings	40 Years

Tangipahoa Parish Convention and Visitors Bureau

Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2012

K. Compensated Absences

The Bureau's policy is to allow employees vacation pay based on length of service. All full-time employees are entitled to one-week vacation after one full year of service, two weeks after two full years of service, and three weeks after ten full years of service. Vacation leave not taken cannot be accrued, and must be taken in the anniversary year it is acquired. Upon separation from service, employees are paid at their current rate of pay for any accrued vacation leave.

Sick leave is cumulative at the rate of one day of sick leave for each month of continuous employment until a maximum of 180 days has accumulated. Upon separation of service, no more than ten days of accumulated sick pay will be compensated.

Compensatory Time – K-Time shall be calculated at one and one-half hours for each hour of overtime earned. Employees may accumulate compensatory time until the balance reaches 173 hours. Subsequent overtime earned must be paid as overtime and no longer accumulated as compensatory time. Upon separation from service, compensatory time is payable at the employee's current rate of pay.

Total unused benefit time was considered immaterial at December 31, 2012 and has not been reflected in these financial statements.

L. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

M. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the Bureau's highest level of decision-making authority). Balances in the general fund are committed for technology.
4. Assigned fund balances are intended to be used by the Bureau for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the Bureau's general fund and include all spendable amounts not contained in the other classifications.

Tangipahoa Parish Convention and Visitors Bureau

Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2012

The Bureau's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2012, the Bureau did not have any nonspendable, restricted, committed, or assigned fund balances.

N. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

1. Net Investment in Capital Assets Component of Net Position – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources attributable to the unspent amount, that amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted Component of Net Position – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted Component of Net Position – The unrestricted component of net position is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Bureau's policy to use restricted resources first, then unrestricted resources as they are needed.

Tangipahoa Parish Convention and Visitors Bureau

Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2012

O. 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the Bureau has cash totaling \$782,117 and investments totaling \$1,154,083 at December 31, 2012. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Bureau. The following is a summary of cash and investments (bank balances) at December 31, 2012, with the related federal deposit insurance and pledge securities:

Bank Balances:

Insured (FDIC Insurance)	\$ 651,579
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Collateralized:

Collateral held by the Bureau's agent in the Bureau's name	-
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Collateral held by pledging bank's trust department in the Bureau's name	-
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Collateral held by pledging bank's trust department not in the Bureau's name	1,334,151
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Uninsured and Uncollateralized	<u>-</u>
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Total Deposits	<u>\$ 1,985,730</u>
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Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Bureau that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the Bureau's deposits may not be returned to it. The Bureau does not have a deposit policy for custodial risk. As of December 31, 2012, the Bureau was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2012

3. Receivables

Accounts receivable at December 31, 2012, consisted of the following:

4% Hotel, Motel, and Campground Taxes due from Tangipahoa Parish Sheriff	\$ 88,675
Accrued Interest Receivable	6,854
State Appropriations Receivable	17,410
Total Amounts Due	<u>\$ 112,939</u>

No allowance for uncollectible receivables is required at December 31, 2012.

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 is as follows:

Description	Balance 12/31/11	Increases	Decreases	Balance 12/31/12
Capital Assets Not Depreciated:				
Land	\$ 165,870	\$ -	\$ -	\$ 165,870
Other Capital Assets:				
Buildings	1,691,875	-	-	1,691,875
Vehicles	-	16,581	-	16,581
Equipment	110,494	6,220	1,295	115,419
Furniture	229,973	6,510	-	236,483
Improvements	312,008	7,575	-	319,583
Total Other Capital Assets	2,344,350	36,886	1,295	2,379,941
Less: Accumulated Depreciation	399,854	110,279	1,295	508,838
Other Capital Assets, Net	1,944,496	(73,393)	-	1,871,103
Total	<u>\$ 2,110,366</u>	<u>\$ (73,393)</u>	<u>\$ -</u>	<u>\$ 2,036,973</u>

5. Pension Plan

Substantially all employees of the Bureau are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing multiple-employer (defined benefit), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Bureau are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of

Tangipahoa Parish Convention and Visitors Bureau

Hammond, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2012

creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Plan members are required by state statute to contribute 9.5 % of their annual covered salary and the Bureau is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Bureau's contributions to the System for the years ending December 31, 2012, 2011, and 2010 were \$51,253, \$42,054, and \$37,193 respectively, equal to the required contributions for each year.

6. Leases

The Bureau is leasing a copier under a five-year operating lease, expiring in August 2017. The lease is dated August 1, 2012, with the first payment being due for September 2012.

The Bureau is leasing a Pitney Bowes Postage Meter under a sixty-month operating lease dated July 16, 2011, expiring in June 2015.

The Bureau was leasing an automobile under a fifty-month operating lease, expiring in June 2013. The lease is dated May 11, 2011. The Bureau terminated the lease by purchasing the automobile in May 2012.

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2012

The following is a schedule of future minimum lease payments required under the above operating leases as of December 31, 2012:

<u>December 31,</u>	<u>Amount</u>
2013	4,689
2014	4,689
2015	4,065
2016	3,441
2017	2,294
	<u>\$ 19,178</u>

Lease payments amounted to \$10,932 in 2012.

7. Per Diem Paid Board Members

For the year ended December 31, 2012, no per diem or other compensation was paid to the Board members of the Bureau.

Required Supplemental Information (Part II)

Budgetary Comparison Schedules

Tangipahoa Parish Convention and Visitors Bureau

Schedule 1

Hammond, Louisiana

Budgetary Comparison Schedule

For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Taxes	\$ 625,000	\$ 625,000	\$ 747,066	\$ 122,066
Less: Collection Fee	(31,250)	(31,250)	(37,352)	(6,102)
Intergovernmental	500,000	500,000	500,000	-
Interest	10,000	10,000	12,801	2,801
Grant Revenue	8,000	8,000	17,826	9,826
Other	10,500	10,500	20,750	10,250
Total Revenues	<u>1,122,250</u>	<u>1,122,250</u>	<u>1,261,091</u>	<u>138,841</u>
Expenditures:				
Current:				
Salaries and Related Benefits	410,000	410,000	405,387	4,613
Payroll Taxes	7,500	7,500	6,150	1,350
Retirement	48,000	48,000	51,253	(3,253)
Advertising & Promotion	478,050	478,050	446,162	31,888
Automobile	24,000	24,000	14,974	9,026
Visitor's Guide Expenditures	10,000	10,000	14,177	(4,177)
Commissioner Related	2,000	2,000	1,770	230
Dues / Subscriptions	6,500	6,500	5,738	762
Grant Expenditures	8,000	8,000	17,826	(9,826)
Insurance	18,200	18,200	10,096	8,104
Office Supplies	16,000	16,000	22,487	(6,487)
Operating Leases	6,000	6,000	6,420	(420)
Professional Fees	14,000	14,000	15,750	(1,750)
Repairs & Maintenance	20,000	20,000	25,081	(5,081)
Training	12,000	12,000	14,528	(2,528)
Uniforms	2,000	2,000	2,109	(109)
Utilities	30,000	30,000	28,395	1,605
Capital Outlay	10,000	10,000	36,886	(26,886)
Total Expenditures	<u>1,122,250</u>	<u>1,122,250</u>	<u>1,125,189</u>	<u>(2,939)</u>
Excess (Deficiency) of				
Revenues over Expenditures	-	-	135,902	135,902
Fund Balance - Beginning of the Year	<u>1,889,045</u>	<u>1,889,045</u>	<u>1,889,045</u>	-
Fund Balance - End of the Year	<u>\$ 1,889,045</u>	<u>\$ 1,889,045</u>	<u>\$ 2,024,947</u>	<u>\$ 135,902</u>

See auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
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Robert W. Thompson, CPA

June 18, 2013

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*

Mr. Charles "Buddy" Pugh, Chairman and
Members of the Board of Directors
Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Tangipahoa Parish Convention and Visitors Bureau, as of for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Tangipahoa Parish Convention and Visitors Bureau's basic financial statements and have issued our report thereon dated June 20, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tangipahoa Parish Convention and Visitors Bureau's internal control over financial reporting (internal control) to determine the auditing 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 Tangipahoa Parish Convention and Visitors Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tangipahoa Parish Convention and Visitors Bureau's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Convention and Visitors 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*.

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 management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Tangipahoa Parish Convention and Visitors Bureau
Hammond, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2012

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Tangipahoa Parish Convention and Visitors Bureau

Hammond, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

<u>Ref. #</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Taken</u>
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Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Note: This schedule has been prepared by the management of the Tangipahoa Parish Convention and Visitors Bureau.