

**Houma Area Convention
and Visitors Bureau**

Annual Financial Report
As of and for the
Year Ended December 31, 2011

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Annual Financial Report
As of and for the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying financial statements of the Houma Area Convention and Visitors Bureau (the Bureau), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Houma Area Convention and Visitors Bureau as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2012, on our consideration of the 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 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* and should be considered in assessing the results of our audit.

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison schedule on page 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Houma Area Convention and Visitors Bureau's financial statements as a whole. The Schedule of Expenditures – General Fund on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



June 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Management's Discussion and Analysis
December 31, 2011

As management of the Houma Area Convention and Visitors Bureau (HACVB), we offer readers of HACVB's financial statements this narrative overview and analysis of the financial activities of HACVB for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$3,709,606 (net assets) as of December 31, 2011.
- Expenditures exceeded revenues by \$154,461 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to HACVB's financial statements. The Houma Area Convention and Visitors Bureau's financial statements consist of the following components:

Statement of Net Assets. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet – Governmental Fund Type – General Fund. This statement presents the HACVB's assets, liabilities, and fund balance for its general fund only.

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund. Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in net assets.

Combined Balance Sheet – All Fund Types. This statement presents the Houma Area Convention and Visitors Bureau's assets and liabilities for all fund types, with the difference of assets and liabilities reported as fund balance. The fluctuation in fund balance can be used as an indication of whether the financial position of HACVB is improving or deteriorating. This statement does not include capital assets or long term obligations.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Notes to Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the financial statements.

BASIC FINANCIAL ANALYSIS

As noted earlier, fund balance may serve over time as a useful indicator of an entity's financial position. In the case of HACVB, assets exceeded liabilities by \$3,709,606 at the close of the most recent year, December 31, 2011. The largest portion of HACVB's total assets is cash (42%) and investments (31%).

HACVB's Net Assets

ASSETS	December 31,	
	2011	2010
Current assets	\$ 2,907,539	\$ 3,123,360
Capital assets, net of accumulated depreciation	952,450	858,000
Other assets	75	75
TOTAL ASSETS	\$ 3,860,064	\$ 3,981,435
LIABILITIES		
Accounts payable and accrued expenses	\$ 94,358	\$ 36,264
Compensated absences payable	25,265	19,733
Certificate of indebtedness		
Due within one year	30,835	27,440
Due in more than one year	-	33,931
TOTAL LIABILITIES	150,458	117,368
NET ASSETS		
Investment in capital assets, net of related debt	921,615	796,629
Unrestricted	2,787,991	3,067,438
Total net assets	3,709,606	3,864,067
TOTAL LIABILITIES AND NET ASSETS	\$ 3,860,064	\$ 3,981,435

- Capital assets, which were reported net of accumulated depreciation, account for 25% of the total assets of HACVB for the most recent year ended.
- Investment in capital assets accounts for 25% of net assets.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

BASIC FINANCIAL ANALYSIS (Cont.)

During the year HACVB's net assets decreased by \$154,461. The elements of the decrease are as follows:

HACVB's Changes in Net Assets

	For the Year Ended December 31,	
	2011	2010
REVENUES		
Taxes:		
Parish	\$ 742,380	\$ 1,062,010
State	675,000	687,690
Miscellaneous:		
Interest earned	5,160	5,068
Grants	5,000	-
Other	295	185
Total operating revenues	1,427,835	1,754,953
EXPENSES		
Personal services	353,960	345,554
Supplies and materials	21,597	14,853
Other services and charges	1,140,383	668,319
Repairs and maintenance	28,693	29,243
Depreciation	35,897	26,928
Total operating expenses	1,580,530	1,084,897
OTHER EXPENSE	1,766	3,001
CHANGE IN NET ASSETS	\$ (154,461)	\$ 667,055

As indicated above, net assets decreased by \$154,461. This decrease is primarily attributable to the decrease in parish taxes received and the increase in other services and charges.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

CAPITAL ASSETS

As of December 31, 2011, the Bureau had \$1,343,836 invested in capital assets.

	<u>2011</u>	<u>2010</u>
Land	\$ 306,313	\$ 306,313
Buildings	721,017	712,533
Auto and trucks	74,223	29,861
Office equipment	242,283	164,782
Subtotal	<u>1,343,836</u>	<u>1,213,489</u>
Less accumulated depreciation	<u>(391,386)</u>	<u>(355,489)</u>
	<u>\$ 952,450</u>	<u>\$ 858,000</u>

CERTIFICATE OF INDEBTEDNESS

A certificate of indebtedness was incurred during the year ended December 31, 2004 for the purchase of land. The total amount paid on this certificate during 2011 was \$30,536 resulting in an ending balance of \$30,835. Interest paid in the governmental funds was \$1,766 for 2011. More detailed information about the certificate of indebtedness is presented in the notes to the financial statements.

ORIGINAL VS. REVISED BUDGET

As a matter of practice, the Bureau amends its budget once during the fiscal year. However, for the year ended December 31, 2010, the budget was amended in March and December 2010. The budget for revenues was increased as follows:

Revenues

Total revenues revised budget	\$ 1,457,740
Total revenues original budget	869,000
	<u>\$ 588,740</u>

The Bureau's revised budgeted revenues exceeded the actual revenues by \$29,905, a variance of 2.1%.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

ORIGINAL VS. REVISED BUDGET (Cont.)

Expenditures

The Bureau's budget for expenditures was decreased as follows:

Total expenditures revised budget	\$ 1,692,504
Total expenditures original budget	1,818,140
	<u>\$ (125,636)</u>

The Bureau's actual expenditures exceeded the revised budgeted expenditures by \$14,778, a variance of 0.87%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of HACVB's finances for all those with such an interest. Call the HACVB office (985-868-2732) attention Sharon Alford, Executive Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS SECTION

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Statement of Net Assets

December 31, 2011

	Government Activities
ASSETS	
Cash	\$ 1,614,459
Investments	1,188,601
Taxes receivable	61,235
Due from Terrebonne Parish Consolidated Government	37,951
Prepaid insurance	5,293
Security deposits	75
Fixed assets	1,343,836
Accumulated depreciation	<u>(391,386)</u>
TOTAL ASSETS	<u><u>\$ 3,860,064</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 94,358
Compensated absences payable	25,265
Certificate of indebtedness Due within one year	<u>30,835</u>
TOTAL CURRENT LIABILITIES	<u>150,458</u>
NET ASSETS	
Investment in general fixed assets, net of related debt	921,615
Unrestricted	<u>2,787,991</u>
TOTAL NET ASSETS	<u>3,709,606</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,860,064</u></u>

The accompanying notes are an integral part of this statement.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Statement of Activities

For the Year Ended December 31, 2011

	Government Activities
REVENUES	
Taxes:	
Parish	\$ 742,380
State	675,000
Miscellaneous:	
Interest earned	5,160
Grants	5,000
Other	295
	<hr/>
TOTAL REVENUES	1,427,835
	<hr/>
EXPENSES	
Economic development and assistance:	
Personal services	353,960
Supplies and materials	21,597
Other services and charges	1,140,383
Repairs and maintenance	28,693
Depreciation	35,897
	<hr/>
TOTAL EXPENSES	1,580,530
	<hr/>
OTHER EXPENSES	
Interest expense	1,766
	<hr/>
CHANGE IN NET ASSETS	(154,461)
	<hr/>
NET ASSETS	
Beginning of year	3,864,067
	<hr/>
End of year	\$ 3,709,606
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Balance Sheet
Governmental Fund Type
General Fund

December 31, 2011

ASSETS

Cash	\$ 1,614,459
Investments	1,188,601
Taxes receivable	61,235
Due from Terrebonne Parish Consolidated Government	37,951
Prepaid insurance	5,293
Security deposits	75
TOTAL ASSETS	\$ 2,907,614

LIABILITIES

Accounts payable and accrued expenses	\$ 94,358
Compensated absences payable	25,265
TOTAL LIABILITIES	119,623

FUND BALANCE

Nonspendable Prepaid expenses	5,293
Unassigned	2,782,698
TOTAL FUND BALANCE	2,787,991
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,907,614

The accompanying notes are an integral part of this statement.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Statement of Revenues, Expenditures,
and Changes in Fund Balance-
Governmental Fund Type
General Fund

For the Year Ended December 31, 2011

REVENUES

Taxes:		
Parish	\$	742,380
State		675,000
Miscellaneous:		
Interest earned		5,160
Grants		5,000
Other		295
		<hr/>
TOTAL REVENUES		1,427,835

EXPENSES

Economic development and assistance:		
Personal services		353,960
Supplies and materials		21,597
Other services and charges		1,140,383
Repairs and maintenance		28,693
Capital expenditures		130,347
Debt service		32,302
		<hr/>
TOTAL EXPENSES		1,707,282

CHANGE IN FUND BALANCE (279,447)

FUND BALANCE

Beginning of year		<hr/>
		3,067,438
End of year	\$	<hr/> <hr/>
		2,787,991

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Assets

December 31, 2011

Total fund balance - total governmental funds		\$ 2,787,991
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$1,343,836, net of accumulated depreciation of \$391,386, are not financial resources and, therefore, are not reported in the funds.		952,450
Outstanding certificate of indebtedness balance of \$30,835 is not a financial resource but increases long-term liabilities in the Statement of Net Assets and is not reported in the funds.		<u>(30,835)</u>
Net assets of governmental activities		<u>\$ 3,709,606</u>

Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance – Governmental Fund to the
Statement of Activities

For the Year Ended December 31, 2011

Change in fund balance - governmental fund		\$ (279,447)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund reports capital outlays as expenditures whereas in the statement of activities, these costs are depreciated over their estimated useful lives.		
Depreciation expense	(35,897)	
Capital outlays	<u>130,347</u>	94,450
Governmental fund reports principal debt repayments as expenditures, which are not presented on the Statement of Activities.		<u>30,536</u>
Change in net assets of governmental activities		<u>\$ (154,461)</u>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Combined Balance Sheet –
All Fund Types

December 31, 2011

	Governmental Fund Type General Fund	Fiduciary Fund Type Agency	Total (Memorandum Only)
ASSETS			
Cash	\$ 1,614,459	\$ -	\$ 1,614,459
Investments	1,188,601	-	1,188,601
Taxes receivable	61,235	15,309	76,544
Due from Terrebonne Parish Consolidated Government	37,951	17,753	55,704
Prepaid insurance	5,293	-	5,293
Security deposits	75	-	75
	TOTAL ASSETS	\$ 33,062	\$ 2,940,676
LIABILITIES			
Accounts payable and accrued expenses	\$ 94,358	\$ -	\$ 94,358
Compensated absences payable	25,265	-	25,265
Due to Houma-Terrebonne Civic Center	-	33,062	33,062
	Total liabilities	33,062	152,685
FUND BALANCE			
Nonspendable Prepaid expenses	5,293	-	5,293
Unassigned	2,782,698	-	2,782,698
	Total fund balance	-	2,787,991
	TOTAL LIABILITIES AND FUND BALANCE	\$ 33,062	\$ 2,940,676

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Houma Area Convention and Visitors Bureau (the Bureau) was created and established by Terrebonne Parish Police Jury Ordinance No. 1977 on May 3, 1977, authorized by Act 19 of the Louisiana Legislature of 1975 (R.S. 33-4574-3574,3). The Bureau was formed for the purpose of promoting tourism within the Parish of Terrebonne. The Bureau is composed of nine members, known as commissioners, who are authorized to do all things necessary for the promotion, advertisement, and publication of information relating to tourist attractions within its jurisdiction. The Bureau may also sue and be sued, accept grants or donations of every type, and make capital improvements for the purpose of obtaining federal funds. However, the Bureau may not exercise any function that results in competition with local retail businesses or enterprises. The Bureau is funded by a 4.0% tax on the occupancy of hotel rooms, motel rooms, and overnight camping facilities located within the boundaries of Terrebonne Parish and taxes collected by the state on the Bureau's behalf.

The accounting and reporting policies of the Bureau conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting policies:

A. REPORTING ENTITY

Because the Consolidated Government appoints the governing board and can therefore impose its will, the Houma Area Convention and Visitors Bureau was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Bureau and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Bureau has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. METHOD OF ACCOUNTING

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets and a statement of activities. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Bureau’s highest level of decision-making authority. The Board of Directors must vote on commitments.

Assigned – This component of fund balance is intended to be used by the Bureau for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Directors can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the Bureau’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The financial statements of the Bureau are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

C. FUND TYPES

The Bureau reports the following fund types:

Governmental Funds

Governmental Funds are those through which governmental functions of the Bureau are financed. The acquisition, use and balances of the Bureau's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Bureau:

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

Fiduciary Funds

Fiduciary funds account for assets held by the Bureau in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is the Fiduciary Fund of the Bureau:

Agency Fund – The Agency Fund is used by the Bureau to receive and transfer funds allocated to the Houma-Terrebonne Civic Center based on a 1% increase to the parish occupancy tax effective April 1, 1999.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements 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 balance 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 operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

susceptible to 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 certain compensated absences and other postemployment benefits which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements 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).

E. ENCUMBRANCES

The Bureau does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

F. OPERATING BUDGETARY DATA

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the Bureau's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended twice during the year.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. BAD DEBTS

The financial statements of the Bureau contain no allowance for bad debts. Uncollectible amounts due for taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Bureau.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. CASH AND CASH EQUIVALENTS

The Bureau considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

I. INVESTMENTS

Investments are stated at cost, which approximates market.

J. CAPITAL ASSETS

Capital assets are presented on the Statement of Net Assets.

Depreciation of all fixed assets is computed on the straight-line basis. Estimated useful lives of property and equipment are as follows:

Office equipment	5 - 7 years
Automobiles	5 years
Building	7 - 39 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

K. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the Bureau primarily relate to fixed assets' useful lives.

L. MEMORANDUM ONLY – TOTAL COLUMNS

The total column on the combined financial statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. COMPENSATED ABSENCES

Full-time employees may accrue up to thirty days of vacation time, which begins to accrue after six months of employment. After an employee's sixth month anniversary date, an

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

employee will be granted 6 days of vacation time and, thereafter, will accrue one day at the end of each full calendar month of service. Accrued and earned vacation will be paid at the resignation or termination of an employee. The amount of accumulated vacation benefits as of December 31, 2011 was \$25,265.

After ninety days of employment, full-time employees are eligible for one day of sick leave per month of employment through the remainder of the first year of employment. Employees will receive ten days of paid sick leave per year for all subsequent years. Unused sick leave may accumulate up to thirty days. Sick leave is not a vested benefit and employees will not receive compensation for unused sick leave at the time of termination or departure from the Bureau.

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits:

Under state law, the Bureau may deposit funds within a fiscal agent bank organized under the laws of State of Louisiana, the laws of another state in the Union, or the laws of the United States Treasury.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balance of deposits is as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 1,645,258	\$ 1,614,459
Certificates of deposit	34,188	34,188
Totals	<u>\$ 1,679,446</u>	<u>\$ 1,648,647</u>

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 has a written policy for custodial credit risk. As of December 31, 2011, \$1,338,342 of the Bureau's bank balance of \$1,679,446 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Bureau's name.

As of December 31, 2011, cash was adequately collateralized in accordance with state law by federal deposit insurance and securities held by an unaffiliated bank for the account of the

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2011**

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

Bureau. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Bureau to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Bureau's investment policy limits investments to securities with maturity dates less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Bureau's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The Bureau's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Bureau will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2011 amounted to \$1,154,413 and are classified on the Statement of Net Assets as "Investments".

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Reported amount of deposits	\$ 1,648,647
Reported amount of investments	<u>1,154,413</u>
 Total	 <u><u>\$ 2,803,060</u></u>
 Cash	 \$ 1,614,459
Investments	<u>1,188,601</u>
 Total	 <u><u>\$ 2,803,060</u></u>

NOTE 3 – CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Automobiles	\$ 29,861	\$ 44,362	\$ -	\$ 74,223
Office furniture and equipment	164,782	77,501	-	242,283
Building	712,533	8,484	-	721,017
Land	306,313	-	-	306,313
	<u>1,213,489</u>	<u>130,347</u>	<u>-</u>	<u>1,343,836</u>
Less accumulated depreciation	<u>(355,489)</u>	<u>(35,897)</u>	<u>-</u>	<u>(391,386)</u>
Totals	<u><u>\$ 858,000</u></u>	<u><u>\$ 94,450</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 952,450</u></u>

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2011**

NOTE 4 – COMPENSATION OF BOARD MEMBERS

As set forth in the Bureau's by-laws, the Board serves without compensation.

NOTE 5 – DEFERRED COMPENSATION PLAN

The Bureau established an IRC Section 457 Deferred Compensation Plan on April 18, 2001. Employees are allowed to contribute the lesser of 33 1/3% of includible compensation or \$16,500. The Bureau has elected to make employer matching funds available to those employees who have completed one year of active service. The Bureau made matching contributions to the plan for the year ended December 31, 2011 in the amount of \$13,317.

NOTE 6 – CERTIFICATE OF INDEBTEDNESS

On April 1, 2004, the Bureau signed a certificate of indebtedness of \$250,000 to purchase land. The agreement includes monthly principal and interest payments of \$2,777 an interest rate of 3.69%, and a maturity date of April 1, 2013. The outstanding balance on this certificate of indebtedness as of December 31, 2011 is \$30,835. Maturities of long-term debt are as follows:

<u>December 31,</u> 2012	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ 30,835	\$ 588	\$ 31,423

NOTE 7 – POST-EMPLOYMENT BENEFITS

The Bureau does not offer post-retirement benefits to their employees.

NOTE 8 – RISK MANAGEMENT

The Bureau is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Bureau carries commercial insurance or other insurance for the losses to which it is exposed. The Bureau's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for auto liability is based on claims experience, vehicle type, and mileage.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 13, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

**Budgetary Comparison Schedule
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Revised Budget Over/(Under)
	Original	Final		
REVENUES				
Parish taxes	\$ 435,000	\$ 760,000	\$ 742,380	\$ (17,620)
State taxes	400,000	675,000	675,000	-
Interest earned	4,000	4,900	5,160	260
Grants	30,000	17,840	5,000	(12,840)
Other	-	-	295	295
TOTAL REVENUES	869,000	1,457,740	1,427,835	(29,905)
EXPENDITURES				
<u>Personal Services</u>				
Salaries	275,000	258,161	265,580	7,419
Group insurance	55,000	53,400	53,270	(130)
Workers comp insurance	2,500	1,300	1,239	(61)
Pension	18,000	13,400	13,317	(83)
Payroll taxes	22,000	20,600	20,554	(46)
Total personal services	372,500	346,861	353,960	7,099
<u>Supplies and Materials</u>				
Office supplies	10,000	13,150	14,676	1,526
Postage	14,000	6,720	6,921	201
Total supplies and materials	24,000	19,870	21,597	1,727
<u>Other Services and Charges</u>				
Marketing	521,500	769,603	771,246	1,643
Tourism development cooperative	244,000	163,075	109,642	(53,433)
Sales expense	138,000	109,750	105,903	(3,847)
Professional fees	116,000	46,000	50,977	4,977
Sineage	80,000	-	-	-
Computer	38,000	22,700	22,519	(181)
Dues and subscriptions	23,000	22,000	21,990	(10)
Building	23,000	18,325	19,009	684
Automobile	29,400	13,433	15,165	1,732
General insurance	10,400	10,161	11,109	948
Public relations	25,000	8,750	7,149	(1,601)
Miscellaneous	5,000	3,000	2,644	(356)
Storage rental	2,500	2,340	2,340	-
Training and professional development	20,000	-	-	-
Bank charges	800	665	690	25
Total other services and charges	1,276,600	1,189,802	1,140,383	(49,419)
Repairs and maintenance	69,040	37,471	28,693	(8,778)
Debt service	41,000	30,000	32,302	2,302
Capital expenditures	35,000	68,500	130,347	61,847
TOTAL EXPENDITURES	\$ 1,818,140	\$ 1,692,504	\$ 1,707,282	\$ 14,778

See Independent Auditor's Report.

SUPPLEMENTAL INFORMATION

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Supplemental Information Schedule -
Schedule of Expenditures - General Fund
For the Year Ended December 31, 2011

ECONOMIC DEVELOPMENT AND ASSISTANCE

Personal Services

Salaries	\$ 265,580
Insurance	54,509
Payroll taxes	20,554
Pension	13,317
Total personal services	353,960

Supplies and Materials

Office supplies	14,676
Postage	6,921
Total supplies and materials	21,597

Other Services and Charges

Advertising	881,772
Tourism development cooperative	109,642
Professional fees	50,977
Computer	22,519
Dues and subscriptions	21,990
General insurance	17,909
Telephone	10,117
Utilities	8,892
Automobile	6,385
Special events	2,526
Rent-storage	2,340
Lease expense-vehicle	1,980
Printing	1,469
Seminars and conventions	1,075
Bank charges	690
Miscellaneous	100
Total other services and charges	1,140,383

Repairs and maintenance

28,693

Capital expenditures

130,347

Debt Service

Principal	30,536
Interest	1,766
Total debt service	32,302

**TOTAL ECONOMIC DEVELOPMENT
AND ASSISTANCE**

\$ 1,707,282

See Independent Auditor's Report.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the financial statements of the Houma Area Convention and Visitors Bureau (the Bureau), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 13, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Houma, Louisiana

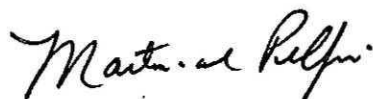
schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. This item is listed as 11-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Bureau's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Bureau's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Commissioners, and the Louisiana Legislative Auditor for 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.



June 13, 2012

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Schedule of Findings and Responses
For the Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of the Houma Area Convention and Visitors Bureau.
2. One significant control deficiency (see finding 11-01) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. A management letter was not issued.

Section II – Financial Statement Findings

This section is not applicable.

Section III – Internal Control Findings

11-01

Statement of Condition: A significant control deficiency in the Bureau’s internal control.

Criteria: In our consideration of internal control, we noted that the size of the Houma Area Convention and Visitors Bureau’s operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Houma Area Convention and Visitors Bureau and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Directors of the Houma Area Convention and Visitors Bureau should closely monitor the day-to-day activities of the Bureau.

Response: The management of the Houma Area Convention and Visitors Bureau agrees with this finding.

Questioned Costs: \$ -0-

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

This section is not applicable.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

**Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2011**

The contact person for all corrective actions noted below is Ms. Sharon Alford, Executive Director.

Section I – Internal Control and Compliance

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of the Bureau should closely monitor the day-to-day activities of the Bureau.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Bureau.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2011

Note: The prior findings all relate to the December 31, 2010 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

No budget amendment

Condition: The Bureau did not amend its budget upon a 5% unfavorable variance in revenues during the year in accordance with state budgetary law.

Recommendation: We recommend that the Bureau continue to monitor its actual results versus budgeted amounts and amend its budget in accordance with state budgetary law.

Planned Action: The Bureau will implement the recommendation as detailed above.

Status: Resolved.

Under Collateralization of Cash Deposits

Condition: The Bureau's cash deposits were under collateralized at one of its financial institutions during the month of December 2010.

Recommendation: The management of the Bureau should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of each month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Planned Action: The Bureau will implement the recommendation as detailed above.

Status: Resolved.

Inadequate Internal Control

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of the Organization should closely monitor the day-to-day activities of the Organization.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Organization.

Status: The Organization has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2011

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.