

**Houma Area Convention
and Visitors Bureau**

**Annual Financial Report
As of and for the
Year Ended December 31, 2006**

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

Release Date 2/15/07

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, 2006**

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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, 2006, 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.

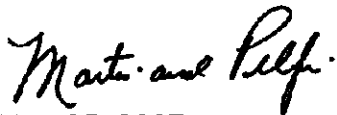
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Houma Area Convention and Visitors Bureau as of December 31, 2006, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2007, 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

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison information on 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information Schedule of Expenditures – General Fund on page 24 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Houma Area Convention and Visitors Bureau. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



May 25, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2006**

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, 2006.

FINANCIAL HIGHLIGHTS

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$1,964,796 (net assets) as of December 31, 2006.
- Revenues exceeded expenditures by \$400,531 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. 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, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Notes to the 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 \$1,964,796 at the close of the most recent year, December 31, 2006. The largest portion of HACVB's total assets is net fixed assets (43%) and cash (31%).

HACVB's Net Assets

ASSETS	December 31,	
	2006	2005
Current assets	\$ 1,221,311	\$ 800,854
Capital assets, net accumulated depreciation	934,196	958,138
Other assets	75	75
TOTAL ASSETS	\$ 2,155,582	\$ 1,759,067
 LIABILITIES		
Accounts payable and accrued expenses	\$ 24,353	\$ 7,004
Certificate of indebtedness		
Due within one year	25,213	22,697
Due in more than one year	141,220	165,101
TOTAL LIABILITIES	190,786	194,802
 NET ASSETS		
Investment in capital assets (net of related debt)	767,763	770,340
Unrestricted	1,197,033	793,925
Total net assets	1,964,796	1,564,265
TOTAL LIABILITIES AND NET ASSETS	\$ 2,155,582	\$ 1,759,067

- Capital assets, which were reported net of accumulated depreciation, account for 43% of the total assets of HACVB for the most recent year ended.
- Investment in capital assets accounts for 39% of net assets.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2006**

BASIC FINANCIAL ANALYSIS (Cont.)

During the year HACVB's net assets increased by \$400,531. The elements of the increase are as follows:

HACVB's Changes in Net Assets

	<u>For the Year Ended December 31,</u>	
	<u>2006</u>	<u>2005</u>
REVENUES		
Taxes:		
Parish	\$ 608,031	\$ 446,514
State	481,147	367,075
Miscellaneous:		
Interest earned	34,905	15,679
Other	377	202
Total operating revenues	<u>1,124,460</u>	<u>829,470</u>
EXPENSES		
Personal services	231,501	207,333
Supplies and materials	16,632	9,702
Other services and charges	396,949	322,052
Repairs and maintenance	35,455	33,595
Depreciation	36,688	38,665
Total operating expense	<u>717,225</u>	<u>611,347</u>
OTHER EXPENSE		
Interest expense	6,704	7,355
Loss on disposal of asset	-	120
Total other expense	<u>6,704</u>	<u>7,475</u>
CHANGE IN NET ASSETS	<u>\$ 400,531</u>	<u>\$ 210,648</u>

As indicated above, net assets increased by \$400,531. This increase is primarily attributable to the increase in parish tax revenue, state tax revenue, and interest earned.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2006**

CAPITAL ASSETS

As of December 31, 2006, the Bureau had \$1,189,718 invested in capital assets.

	<u>2006</u>	<u>2005</u>
Land	\$ 306,313	\$ 306,313
Buildings	704,733	704,733
Auto and trucks	50,141	50,141
Office equipment	128,531	117,185
Subtotal	<u>1,189,718</u>	<u>1,178,372</u>
Less accumulated depreciation	(255,522)	(220,234)
	<u>\$ 934,196</u>	<u>\$ 958,138</u>

This is a decrease in net capital assets of \$23,942 over last year. Depreciation expense for the year is \$36,688.

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 2006 was \$21,364 resulting in an ending balance of \$166,433. Interest paid in the governmental funds was \$6,704 for 2006. 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. For the year ended December 31, 2006, the budget was amended in December 2006. The budget for revenues was increased as follows:

Revenues	
Total revenues revised budget	\$ 1,066,149
Total revenues original budget	451,000
	<u>\$ 615,149</u>

Increase In Revenue Budget

The Bureau's actual revenues were more than the revised budgeted revenues by \$58,311, a variance of 6%.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2006**

ORIGINAL VS. REVISED BUDGET (Cont.)

Expenditures

The Bureau's budget for expenditures increased by 3% for the year ended December 31, 2006.

Total expenditures revised budget	\$	722,620
Total expenditures original budget		700,833
	\$	<u>21,787</u>

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, 2006

	Government Activities
ASSETS	
Cash	\$ 676,212
Investments	401,693
Taxes receivable	93,635
Due from Terrebonne Parish Consolidated Government	46,042
Prepaid insurance	3,729
Security deposits	75
Fixed assets	1,189,718
Accumulated depreciation	<u>(255,522)</u>
TOTAL ASSETS	<u>\$ 2,155,582</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 24,353
Certificate of indebtedness	
Due within one year	25,213
Due in more than one year	<u>141,220</u>
TOTAL LIABILITIES	<u>190,786</u>
NET ASSETS	
Investment in general fixed assets (net of accumulated debt)	767,763
Unrestricted	<u>1,197,033</u>
TOTAL NET ASSETS	<u>1,964,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,155,582</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, 2006

	Government Activities
REVENUES	
Taxes:	
Parish	\$ 608,031
State	481,147
Miscellaneous:	
Interest earned	34,905
Other	<u>377</u>
TOTAL REVENUES	<u>1,124,460</u>
EXPENSES	
Economic development and assistance:	
Personal services	231,501
Supplies and materials	16,632
Other services and charges	396,949
Repairs and maintenance	35,455
Depreciation	<u>36,688</u>
TOTAL EXPENSES	<u>717,225</u>
OTHER EXPENSE	
Interest expense	<u>6,704</u>
CHANGE IN NET ASSETS	400,531
NET ASSETS	
Beginning of year	<u>1,564,265</u>
End of year	<u><u>\$ 1,964,796</u></u>

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
Governmental Fund**

December 31, 2006

ASSETS

Cash	\$ 676,212
Investments	401,693
Taxes receivable	93,635
Due from Terrebonne Parish Consolidated Government	46,042
Prepaid insurance	3,729
Security deposits	75

TOTAL ASSETS \$ 1,221,386

LIABILITIES

Accounts payable and accrued expenses	\$ 24,353
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FUND BALANCE

Fund balance - unreserved	<u>1,197,033</u>
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**TOTAL LIABILITIES AND
FUND BALANCE** \$ 1,221,386

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, 2006

REVENUES

Taxes:	
Parish	\$ 608,031
State	481,147
Miscellaneous:	
Interest earned	34,905
Other	377
	<hr/>
TOTAL REVENUES	1,124,460

EXPENSES

Economic development and assistance:	
Personal services	231,501
Supplies and materials	16,632
Other services and charges	396,949
Repairs and maintenance	35,455
Capital expenditures	12,746
Debt service	28,069
	<hr/>
TOTAL EXPENSES	721,352

CHANGE IN FUND BALANCE 403,108

FUND BALANCE

Beginning of year	<hr/>
	793,925
End of year	<hr/>
	\$ 1,197,033

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, 2006

Total fund balance - total governmental funds	\$ 1,197,033
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$1,189,718, net of accumulated depreciation of \$255,522, are not financial resources and, therefore, are not reported in the funds.	934,196
Outstanding certificate of indebtedness balance of \$166,433 is not a financial resource but increases long-term liabilities in the Statement of Net Assets and is not reported in the funds.	<u>(166,433)</u>
Net assets of governmental activities	<u>\$ 1,964,796</u>

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

Year Ended December 31, 2006

Change in fund balance - governmental fund	\$ 403,108
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	(36,688)
Capital outlays	<u>12,746</u>
	(23,942)
Governmental fund reports debt repayments as expenditures, which are not presented on the Statement of Activities.	<u>21,365</u>
Change in net assets of governmental activities	<u>\$ 400,531</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, 2006

	Governmental Fund Type General Fund	Fiduciary Fund Type Agency	Total (Memorandum Only)
ASSETS			
Cash	\$ 676,212	\$ -	\$ 676,212
Investments	401,693	-	401,693
Taxes receivable	93,635	14,224	107,859
Due from Terrebonne Parish Consolidated Government	46,042	15,347	61,389
Prepaid insurance	3,729	-	3,729
Security deposits	75	-	75
	\$ 1,221,386	\$ 29,571	\$ 1,250,957
LIABILITIES			
Accounts payable and accrued expenses	\$ 24,353	\$ -	\$ 24,353
Due to Houma-Terrebonne Civic Center	-	29,571	29,571
	24,353	29,571	53,924
FUND BALANCE			
Fund balance - unreserved	1,197,033	-	1,197,033
	\$ 1,221,386	\$ 29,571	\$ 1,250,957

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, 2006**

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

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Financial accountability by the consolidated government is determined on the basis of the following criteria:

1. Appointment of voting majority of governing board
2. Imposition of will
3. Financial benefit or burden
4. Fiscal dependence
5. Designation of management

Because the Consolidated Government appoints the governing board and can 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.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

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

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 revenues, expenses and changes in net assets. 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 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”.

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.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

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

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Hotel/motel sales and use taxes are recorded as revenues in the month due. Parish tax revenues are collected by the Terrebonne Parish Sales and Use Tax Department, remitted to the Terrebonne Parish Consolidated Government, and subsequently sent to the Bureau. December taxes were remitted to the Terrebonne Parish Sales and Use Tax Department in January and paid to the Bureau in February. The state tax revenues are collected by the Treasurer of the State of Louisiana and remitted to the Bureau on a quarterly basis. Miscellaneous revenues are recorded as revenues when received in cash by the Bureau because they are generally not measurable until actually received.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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 susceptible to accrual (i.e., when they become both measurable and available).

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

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

“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 Authority 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.

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).

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*.

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 once 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, 2006**

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.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

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

M. COMPENSATED ABSENCES

Full-time employees may accrue up to thirty days of vacation time, which begins to accrue after one month of employment. No employee is eligible for any vacation time before the end of his or her first year of employment. Accumulated vacation is due to the employee at the time of termination or death. Each full-time employee receives ten days of sick leave per year; however, sick leave does not accumulate or vest. Full-time employees may be granted maternity leave of two weeks with pay and two weeks on half-pay provided such request is submitted in writing to the Executive Director.

The amount of accumulated vacation benefits was not significant as of December 31, 2006.

NOTE 2 – DEPOSITS AND INVESTMENTS

Houma Area Convention and Visitors Bureau adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, in the current year.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

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 subdivisions.

The year-end balance of deposits is as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 708,434	\$ 676,112
Certificates of deposit	31,401	31,401
Totals	<u>\$ 739,835</u>	<u>\$ 707,513</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, 2006, \$548,083 of the Bureau's bank balance of \$739,835 was exposed to credit risk. These deposits were uninsured. Of this amount, \$394,688 was collateralized and \$153,395 was not collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Bureau's name.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As of December 31, 2006, cash was not adequately collateralized in accordance with state law by securities held by an unaffiliated bank for the account of the 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 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

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. 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, 2006 amounted to \$370,292 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:

Cash on hand	\$	100
Reported amount of deposits		707,513
Reported amount of investments		370,292
Total	\$	1,077,905
Cash	\$	676,212
Investments		401,693
Total	\$	1,077,905

NOTE 3 – CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 2006	Additions	Retirements	Balance December 31, 2006
Automobiles	\$ 50,141	\$ -	\$ -	\$ 50,141
Office furniture and equipment	117,185	12,746	(1,400)	128,531
Building	704,733	-	-	704,733
Land	306,313	-	-	306,313
	1,178,372	12,746	(1,400)	1,189,718
Less accumulated depreciation	(220,234)	(36,688)	1,400	(255,522)
Totals	\$ 958,138	\$ (23,942)	\$ -	\$ 934,196

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2006**

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 \$15,000. 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, 2006 in the amount of \$13,336.

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 \$2,312, an interest rate of 3.69%, and a maturity date of April 1, 2014. The outstanding balance on this certificate of indebtedness as of December 31, 2006 is \$166,433. Maturities of long-term debt are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 25,213	\$ 5,732	\$ 30,945
2008	26,557	4,762	31,319
2009	26,616	3,781	30,397
2010	26,677	2,798	29,475
2011	30,536	1,766	32,302
Thereafter	30,834	598	31,432
Total	<u>\$ 166,433</u>	<u>\$ 19,437</u>	<u>\$ 185,870</u>

REQUIRED SUPPLEMENTAL INFORMATION

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

**Budgetary Comparison Schedule
Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Revised Budget Over/(Under)
	Original	Final		
REVENUES				
Parish Taxes	\$ 290,000	\$ 604,553	\$ 608,031	\$ 3,478
State Taxes	150,000	430,181	481,147	50,966
Interest Earned	11,000	30,000	34,905	4,905
Other	-	1,415	377	(1,038)
TOTAL REVENUES	451,000	1,066,149	1,124,460	58,311
EXPENDITURES				
<u>Personal Services</u>				
Salaries	172,000	183,395	177,298	(6,097)
Group insurance	28,000	28,915	28,915	-
Payroll taxes	12,700	13,993	13,952	(41)
Pension	15,000	12,175	13,336	1,161
Total personal services	227,700	236,478	231,501	(4,977)
<u>Supplies and Materials</u>				
Office supplies	9,000	8,850	10,666	1,816
Postage	6,000	5,966	5,966	-
Total supplies and materials	15,000	14,816	16,632	1,816
<u>Other Services and Charges</u>				
Advertising	171,000	247,047	249,728	2,681
Travel and entertainment	36,000	44,468	41,801	(2,667)
Seminars and conventions	25,000	24,470	26,416	1,946
General insurance	19,983	18,979	18,586	1,607
Utilities	8,500	12,202	11,857	(345)
Contributions	30,000	10,600	10,600	-
Professional fees	15,000	10,206	10,206	-
Automobile	7,000	9,400	9,360	(40)
Telephone	9,000	7,314	7,671	357
Dues and subscriptions	10,000	7,945	7,321	(624)
Special events	-	2,022	2,234	212
Bank charges	-	395	395	-
Uniforms	-	250	250	-
Printing and publications	1,500	153	205	52
Taxes and licenses	-	168	169	1
Miscellaneous	3,000	285	150	(135)
Tourism development cooperative	30,000	-	-	-
Total other services and charges	385,983	393,904	396,949	3,045
Repairs and maintenance	39,150	36,744	35,455	(1,289)
Principal loan retirements	28,000	27,933	21,365	(6,568)
Interest expense	-	-	6,704	6,704
Capital expenditures	25,000	12,745	12,746	1
TOTAL EXPENDITURES	\$ 700,833	\$ 722,820	\$ 721,352	\$ (1,268)

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, 2006**

ECONOMIC DEVELOPMENT AND ASSISTANCE

<u>Personal Services</u>	
Salaries	\$ 177,298
Group insurance	28,915
Payroll taxes	13,952
Pension	13,338
	<hr/>
Total personal services	231,501
<u>Supplies and Materials</u>	
Office supplies	10,666
Postage	5,966
	<hr/>
Total supplies and materials	16,632
<u>Other Services and Charges</u>	
Advertising	249,728
Travel and entertainment	41,801
Seminars and conventions	26,416
General insurance	18,586
Utilities	11,857
Contributions	10,600
Professional fees	10,208
Automobile	9,360
Telephone	7,671
Dues and subscriptions	7,321
Special events	2,234
Bank charges	395
Uniforms	250
Printing	205
Taxes and licenses	169
Miscellaneous	150
	<hr/>
Total other services and charges	396,949
<u>Repairs and Maintenance</u>	
	<hr/>
	35,455
<u>Capital Expenditures</u>	
	<hr/>
	12,746
<u>Debt Service</u>	
Principal	21,365
Interest	6,704
	<hr/>
Total debt service	28,069
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	 <hr/> \$ 721,352 <hr/>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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**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**

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Houma, Louisiana

We have audited the financial statements of the Houma Area Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting in order to determine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Houma, Louisiana

of findings and responses to be a significant deficiency in internal control over financial reporting. This item is listed as 06-01.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

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

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



May 25, 2007

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

**Schedule of Findings and Responses
For the Year Ended December 31, 2006**

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 was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. No instances of noncompliance material to the financial statements of the Houma Area Convention and Visitors Bureau were disclosed during the audit.
4. A management letter was issued.

Section II – Financial Statement Findings

No findings material to the financial statements of the Houma Area Convention and Visitors Bureau were disclosed during the audit.

Section III – Internal Control Findings

06-01

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.

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

**Schedule of Findings and Responses
For the Year Ended December 31, 2006**

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, 2006**

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

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 until it is financially feasible to employ additional staff.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

Undercollateralization of Cash Deposits

Condition: The Bureau's cash deposits were not fully collateralized at one of its financial institutions for the period from December 6, 2006 to December 31, 2006.

Recommendation: The management of the Bureau should contact its fiscal agent and have sufficient securities pledged to fully collateralize all cash deposits in excess of FDIC coverage. Also, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are periodically performed to ensure that cash deposits are fully collateralized at all times.

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

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

**Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2006**

Note: The prior findings all relate to the December 31, 2005 audit engagement.

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

Inadequate Internal Control

Condition: A reportable condition 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 and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Organization until it is financially feasible to employ additional staff.

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.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

Undercollateralization of Cash Deposits

Condition: The Bureau's cash deposits were not fully collateralized at one of its financial institutions for the period from March 10, 2005 to March 30, 2005.

Recommendation: The management of the Bureau should contact its fiscal agent and have sufficient securities pledged to fully collateralize all cash deposits in excess of FDIC coverage. Also, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are periodically performed to ensure that cash deposits are fully collateralized at all times.

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

Status: Not resolved.

Houma Area Convention and Visitors Bureau

**Management Letter
As of and for the
Year Ended December 31, 2006**

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

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(A Professional Corporation)*

Ph. (985) 851-3638
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May 25, 2007

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Houma, Louisiana

In planning and performing our audit of the financial statements of the Houma Area Convention and Visitors Bureau for the year ended December 31, 2006, we considered its internal control and compliance with certain laws, regulations, contracts, and grants in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control and legal compliance.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and legal compliance. The detail below summarizes our comment and suggestion regarding this matter. This letter does not affect our report dated May 25, 2007 on the financial statements of the Houma Area Convention and Visitors Bureau.

Undercollateralization of Cash Deposits

During testing, it was noted that the Organization's cash deposits were in excess of FDIC insurance for the period from December 8, 2006 to December 31, 2006. State law requires deposits (cash) of all political subdivisions to 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 subdivisions, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

We recommend that management contact its fiscal agent and have sufficient securities pledged to fully collateralize all cash deposits in excess of FDIC coverage. Management should also implement procedures to ensure that cash deposits and related collateral are periodically monitored to determine that cash deposits are fully collateralized at all times.

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
Page 2

We will review the status of this comment during our next audit engagement. We will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martin & Pellegrin".

Martin & Pellegrin, CPAs (PC)