

**Houma Area Convention
and Visitors Bureau**

Annual Financial Report
As of and for the
Year Ended December 31, 2018

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

Annual Financial Report
As of and for the Year Ended December 31, 2018

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

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund 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, 2018, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Houma Area Convention and Visitors Bureau as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 and the budgetary comparison schedule on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

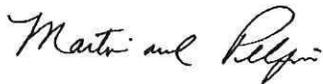
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Houma Area Convention and Visitors Bureau's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 28 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2019, 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* in considering the Bureau's internal control over financial reporting and compliance.



Houma, Louisiana
May 7, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Management's Discussion and Analysis
December 31, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$4,291,360 (net position) as of December 31, 2018.
- Expenditures exceeded revenues by \$23,383 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 Position. 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 fund balance.

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.

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

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2018**

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of HACVB, assets exceeded liabilities by \$4,291,360 at the close of the most recent year, December 31, 2018. The largest portions of HACVB's current assets are cash (30%) and investments (57%). HACVB's Net Position is as follows:

HACVB's Net Position

ASSETS	December 31,	
	2018	2017
Current assets	\$ 2,169,278	\$ 2,233,017
Capital assets, net of accumulated depreciation	3,146,669	3,239,399
TOTAL ASSETS	\$ 5,315,947	\$ 5,472,416
LIABILITIES		
Accounts payable and accrued expenses	\$ 50,845	\$ 38,931
Compensated absences payable	23,742	23,742
Certificate of indebtedness		
Due within one year	150,000	145,000
Due in more than one year	800,000	950,000
TOTAL LIABILITIES	1,024,587	1,157,673
NET POSITION		
Net investment in capital assets	2,196,669	2,144,399
Unrestricted	2,094,691	2,170,344
Total net position	4,291,360	4,314,743
TOTAL LIABILITIES AND NET POSITION	\$ 5,315,947	\$ 5,472,416

- Capital assets, which were reported net of accumulated depreciation, account for 59% of the total assets of HACVB for the most recent year ended.
- The certificate of indebtedness accounts for 93% of total liabilities.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Management's Discussion and Analysis
December 31, 2018

BASIC FINANCIAL ANALYSIS (Cont.)

During the year, HACVB's net position decreased by \$23,383. The elements of the decrease are as follows:

HACVB's Changes in Net Position

	<u>For the Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
REVENUES		
Parish taxes	\$ 710,043	\$ 679,799
State taxes	769,069	553,960
Cooperative Marketing Program grant	-	16,332
Total operating revenues	<u>1,479,112</u>	<u>1,250,091</u>
EXPENSES		
Other services and charges	879,485	900,193
Personal services	480,831	469,893
Depreciation	103,747	104,580
Repairs and maintenance	30,939	36,009
Supplies and materials	17,435	9,720
Total operating expenses	<u>1,512,437</u>	<u>1,520,395</u>
NET REVENUE	<u>(33,325)</u>	<u>(270,304)</u>
GENERAL REVENUES		
Interest earned	29,831	19,555
Other	11,127	1,008
Total general revenues	<u>40,958</u>	<u>20,563</u>
OTHER EXPENSES	<u>31,016</u>	<u>35,528</u>
CHANGE IN NET POSITION	<u>\$ (23,383)</u>	<u>\$ (285,269)</u>

As indicated above, net position decreased by \$23,383. This increase in change of position from the prior year is primarily attributable to the increase in parish and state tax revenues and the decrease in other services and charges.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2018**

CAPITAL ASSETS

As of December 31, 2018, the Bureau had \$3,146,669 invested in capital assets.

	2018	2017
Land	\$ 306,313	\$ 306,313
Buildings	3,271,567	3,271,567
Office furniture and equipment	258,308	254,256
Automobiles	44,362	44,362
Subtotal	3,880,550	3,876,498
Less accumulated depreciation	(733,881)	(637,099)
	\$ 3,146,669	\$ 3,239,399

During the year ended December 31, 2018, the Bureau expended \$12,229 on new office equipment.

CERTIFICATE OF INDEBTEDNESS

In May 2014, the Bureau issued a certificate of indebtedness for \$1,500,000. Principal and interest paid in the governmental funds was \$145,000 and \$29,806, respectively, for 2018. More detailed information about the certificate of indebtedness is presented in the Notes to Financial Statements.

ORIGINAL VS. REVISED BUDGET

The Bureau amended its budget three times during the year ended December 31, 2018. The budget for revenues was increased as follows:

Revenues	
Total revenues revised budget	\$ 1,520,155
Total revenues original budget	1,152,418
	\$ 367,737

The Bureau's revised budget revenues were more than the actual revenues by \$85.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2018

Expenditures

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

Total expenditures revised budget	\$ 1,595,641
Total expenditures original budget	<u>1,586,787</u>
	<u><u>\$ 8,854</u></u>

The Bureau's revised budgeted expenditures exceeded the actual expenditures by \$84.

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 Ms. Sondra Corbitt, 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

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

Statement of Net Position
December 31, 2018

	Government Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 654,423
Investments	1,232,711
Taxes receivable	239,929
Due from Terrebonne Parish Consolidated Government	23,858
Prepaid insurance	18,357
Total current assets	2,169,278
Capital assets, net of accumulated depreciation of \$733,881	3,146,669
TOTAL ASSETS	5,315,947
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	50,845
Compensated absences payable	23,742
Total current liabilities	74,587
Certificate of indebtedness	
Due within one year	150,000
Due in more than one year	800,000
Total certificate of indebtedness	950,000
TOTAL LIABILITIES	1,024,587
NET POSITION	
Net investment in capital assets	2,196,669
Unrestricted	2,094,691
Total net position	\$ 4,291,360

See accompanying notes.

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

Statement of Activities
For the Year Ended December 31, 2018

	Government Activities
REVENUES	
Taxes:	
Parish	\$ 710,043
State	<u>769,069</u>
TOTAL REVENUES	<u>1,479,112</u>
EXPENSES	
Economic development and assistance:	
Other services and charges	879,485
Personal services	480,831
Depreciation	103,747
Repairs and maintenance	30,939
Supplies and materials	<u>17,435</u>
TOTAL EXPENSES	<u>1,512,437</u>
NET REVENUE	<u>(33,325)</u>
GENERAL REVENUES	
Interest earned	29,831
Other	<u>11,127</u>
TOTAL GENERAL REVENUES	<u>40,958</u>
	<u>7,633</u>
OTHER EXPENSES	
Interest expense	29,806
Disposal of capital assets	<u>1,210</u>
TOTAL OTHER EXPENSES	<u>31,016</u>
CHANGE IN NET POSITION	(23,383)
NET POSITION	
Beginning of year	<u>4,314,743</u>
End of year	<u>\$ 4,291,360</u>

See accompanying notes.

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

Balance Sheet
Governmental Fund Type
General Fund
December 31, 2018

ASSETS

Cash and cash equivalents	\$ 654,423
Investments	1,232,711
Taxes receivable	239,929
Due from Terrebonne Parish Consolidated Government	23,858
Prepaid insurance	<u>18,357</u>

TOTAL ASSETS \$ 2,169,278

LIABILITIES

Accounts payable and accrued expenses	\$ 50,845
Compensated absences payable	<u>23,742</u>

TOTAL LIABILITIES 74,587

FUND BALANCE

Nonspendable	18,357
Unassigned	<u>2,076,334</u>

TOTAL FUND BALANCE 2,094,691

**TOTAL LIABILITIES AND
FUND BALANCE** \$ 2,169,278

See accompanying notes.

**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, 2018

REVENUES

Taxes:

Parish	\$ 710,043
State	<u>769,069</u>

TOTAL REVENUES 1,479,112

EXPENDITURES

Economic development and assistance:

Other services and charges	879,485
Personal services	480,831
Repairs and maintenance	30,939
Supplies and materials	17,435
Capital expenditures	12,229
Debt service	<u>174,806</u>

TOTAL EXPENDITURES 1,595,725

EXCESS OF EXPENDITURES OVER REVENUES (116,613)

GENERAL REVENUES

Interest earned	29,831
Other	<u>11,127</u>

TOTAL GENERAL REVENUES 40,958

CHANGE IN FUND BALANCE (75,655)

FUND BALANCE

Beginning of year	<u>2,170,346</u>
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End of year	<u><u>\$ 2,094,691</u></u>
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See accompanying notes.

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

Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
December 31, 2018

Total fund balance - governmental fund	\$ 2,094,691
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$3,880,550, net of accumulated depreciation of \$733,881, are not financial resources and, therefore, are not reported in the funds.	3,146,669
Certificates of indebtedness are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(950,000)</u>
Total net position of governmental activities	<u>\$ 4,291,360</u>

See accompanying notes.

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

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance – Governmental Fund to the
Statement of Activities
For the Year Ended December 31, 2018

Change in fund balance - governmental fund		\$ (75,655)
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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	(103,747)	
Capital outlays	12,229	
Disposal of capital assets	<u>(1,210)</u>	(92,728)

The issuance of long-term debt provides current financial resources to governmental funds. This transaction has no effect on net position.

Principal payments of certificate of indebtedness	<u>145,000</u>
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Change in net position of governmental activities	<u>\$ (23,383)</u>
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See accompanying notes.

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

Combined Balance Sheet –
All Fund Types
December 31, 2018

	Governmental Fund Type General Fund	Fiduciary Fund Type Agency	Total (Memorandum Only)
ASSETS			
Cash and cash equivalents	\$ 654,423	\$ -	\$ 654,423
Investments	1,232,711	-	1,232,711
Taxes receivable	239,929	30,578	270,507
Due from Terrebonne Parish Consolidated Government	23,858	36,240	60,098
Prepaid insurance	18,357	-	18,357
	\$ 2,169,278	\$ 66,818	\$ 2,236,096
TOTAL ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 50,845	\$ -	\$ 50,845
Compensated absences payable	23,742	-	23,742
Due to Houma-Terrebonne Civic Center	-	33,409	33,409
Due to Terrebonne Parish Consolidated Government	-	33,409	33,409
	74,587	66,818	141,405
Total liabilities			
FUND BALANCE			
Nonspendable	18,357	-	18,357
Unassigned	2,076,334	-	2,076,334
	2,094,691	-	2,094,691
Total fund balance			
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,169,278	\$ 66,818	\$ 2,236,096

See accompanying notes.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

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 and accept grants or donations of every type. However, the Bureau may not exercise any function that results in competition with local retail businesses or enterprises. The Bureau is funded by a 5.0% 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 statements establish standards for external financial reporting for all state and local governmental entities which include a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position 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

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

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

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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position 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 position – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

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 Commissioners 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 Commissioners 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, 2018

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 and the Terrebonne Parish Consolidated Government.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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).

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

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

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). 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.

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 three times during the year ended December 31, 2018. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. 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.

H. INVESTMENTS

Investments are stated at cost, which approximates market.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

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

I. 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.

J. CAPITAL ASSETS

Capital assets are presented on the Statement of Net Position.

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
Buildings	7 - 40 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 the useful lives of fixed assets.

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, 2018

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 six months of employment. After an employee's six-month anniversary date, an employee will be granted six 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, 2018 was \$23,742.

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 the 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	\$ 724,867	\$ 654,423

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, 2018, \$301,774 of the Bureau's bank balance of \$724,867 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.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As of December 31, 2018, cash was 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 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.

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 is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments. The WAM for LAMP's total investments is 76 days as of December 31, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in LAMP as of December 31, 2018 amounted to \$1,232,711 and are classified on the Statement of Net Position as "Investments".

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

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

Reported amount of deposits	\$ 654,423
Reported amount of investments	1,232,711
	1,232,711
Total	\$ 1,887,134

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

Cash		\$	654,423
Investments			1,232,711
Total			\$ 1,887,134

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 306,313	\$ -	\$ -	\$ 306,313
Capital assets, being depreciated:				
Automobiles	44,362	-	-	44,362
Office furniture and equipment	254,256	12,229	(8,177)	258,308
Buildings	3,271,567	-	-	3,271,567
Total assets being depreciated	3,570,185	12,229	(8,177)	3,574,237
Less accumulated depreciation:				
Automobiles	(39,926)	-	-	(39,926)
Office furniture and equipment	(162,398)	(19,488)	731	(181,155)
Buildings	(428,541)	(84,259)	-	(512,800)
Total accumulated depreciation	(630,865)	(103,747)	731	(733,881)
Total capital assets being depreciated, net	2,939,320	(91,518)	(7,446)	2,840,356
Governmental activities capital assets, net	\$ 3,245,633	\$ (91,518)	\$ (7,446)	\$ 3,146,669

During the year ended December 31, 2018, the Bureau expended \$12,229 on new office equipment.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

NOTE 4 – CERTIFICATE OF INDEBTEDNESS

On May 8, 2014, the Bureau signed a certificate of indebtedness of \$1,500,000 for the purpose of acquiring and constructing buildings and improvements for the Bureau, including necessary equipment and furnishings, and paying the costs incurred in connection with the issuance of the certificates. The agreement stipulates annual principal payments and semi-annual interest payments. The certificate of indebtedness carries an interest rate of 1.75% and a maturity date of May 1, 2024. The balance on this certificate of indebtedness was \$950,000 as of December 31, 2018.

The certificate is secured by a pledge and dedication of the annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificate is outstanding.

The following is a summary of changes in the certificate of indebtedness of the Bureau for the year ended December 31, 2018:

Payable as of January 1, 2018	\$ 1,095,000
Debt retired (Series 2014 certificate)	<u>(145,000)</u>
Payable as of December 31, 2018	<u><u>\$ 950,000</u></u>

The requirements to amortize the certificate of indebtedness outstanding as of December 31, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 150,000	\$ 26,963	\$ 176,963
2020	150,000	23,513	173,513
2021	155,000	19,507	174,507
2022	160,000	14,976	174,976
2023	165,000	9,688	174,688
2024	<u>170,000</u>	<u>3,400</u>	<u>173,400</u>
Totals	<u><u>\$ 950,000</u></u>	<u><u>\$ 98,047</u></u>	<u><u>\$ 1,048,047</u></u>

NOTE 5 – DEFERRED COMPENSATION PLAN

The Bureau sponsors an IRC Section 457 Deferred Compensation Plan for the benefit of its employees. Employees are allowed to contribute the lesser of 33 1/3% of includible compensation or \$18,500 (\$24,500 for participants age 50 and over). 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, 2018 in the amount of \$19,476.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Notes to Financial Statements
As of and for the Year Ended December 31, 2018

NOTE 6 – POST-EMPLOYMENT BENEFITS

The Bureau does not offer post-employment benefits to its employees.

NOTE 7 – COMPENSATION OF BOARD MEMBERS

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

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 May 7, 2019, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

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

Budgetary Comparison Schedule
Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Revised Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES				
State taxes	\$ 500,000	\$ 769,069	\$ 769,069	\$ -
Parish taxes	623,000	710,128	710,043	(85)
Interest earned	15,000	29,831	29,831	-
Grant	13,618	-	-	-
Other	800	11,127	11,127	-
TOTAL REVENUES	1,152,418	1,520,155	1,520,070	(85)
EXPENDITURES				
<u>Personal Services</u>				
Salaries	370,000	349,350	349,347	(3)
Group insurance	72,000	83,504	83,504	-
Payroll taxes	31,000	27,200	27,187	(13)
Pension	22,000	19,476	19,476	-
Workers comp insurance	1,500	1,317	1,317	-
Total personal services	496,500	480,847	480,831	(16)
<u>Supplies and Materials</u>				
Postage	2,000	1,548	1,548	-
Office supplies	7,000	15,755	15,887	132
Total supplies and materials	9,000	17,303	17,435	132
<u>Other Services and Charges</u>				
Marketing/advertising	451,700	461,539	461,561	22
Tourism development cooperative	84,000	47,496	47,496	-
Special events, public relations, and convention	36,000	46,413	46,348	(65)
Group tour services	2,000	1,400	1,401	1
Professional fees	145,000	145,205	145,205	-
Travel/sales missions	25,000	54,316	54,316	-
Computer	23,000	13,708	13,708	-
Dues and subscriptions	16,000	24,715	24,715	-
Automobile	9,000	14,544	14,577	33
Training and professional development	8,000	8,515	8,515	-
General insurance	39,400	32,521	32,508	(13)
Telephone/Communications	8,500	9,125	9,123	(2)
Utilities	11,500	13,110	13,107	(3)
Rent - equipment	7,500	6,509	6,509	-
Bank charges	300	400	396	(4)
Total other services and charges	866,900	879,516	879,485	(31)
Repairs and maintenance	29,580	28,753	30,939	2,186
Debt service	174,807	174,807	174,806	(1)
Capital expenditures	10,000	14,415	12,229	(2,186)
TOTAL EXPENDITURES	\$ 1,586,787	\$ 1,595,641	\$ 1,595,725	\$ 84

See Independent Auditor's Report.

OTHER INFORMATION

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

Schedule of Compensation, Benefits, and Other
Payments to the Executive Director
For the Year Ended December 31, 2018

Agency Head Name: Sondra Corbitt, Executive Director

Purpose	Amount
Salary	\$ 67,165
Membership fees	6,214
Benefits - insurance	15,680
Deferred compensation	2,977
Miscellaneous	108
Service fees	-
Per diem	1,209
Office supplies	-
Car allowance/automobile expense	-
Cell phone and iPad fees	807
Registration fees	4,185
Reimbursements	109
Benefits - retirement	-
Benefits - other	-
Vehicle provided by government	1,084
Conference travel	6,079
Continuing professional education fees	-
Housing	-
Special meals	-

This schedule is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities and each major fund of 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, 2018, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, and have issued our report thereon dated May 7, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might by material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Houma, Louisiana
May 7, 2019

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

Schedule of Findings and Responses
For the Year Ended December 31, 2018

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Houma Area Convention and Visitors Bureau.
2. No significant control deficiencies were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters, required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.
4. No instances of noncompliance under the provisions of the Louisiana Governmental Audit Guide were noted during the audit of the financial statements.
5. A management letter was not issued.
6. The Bureau did not receive or expend federal funds during the year.

Section II – Financial Statement Findings

No findings material to the basic financial statements of the Terrebonne Economic Development Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section III – Federal Awards

No federal awards were received during the year.

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

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2018

Note: The prior finding relates to the December 31, 2017 audit engagement.

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 Commissioners should closely monitor the day-to-day activities of the Bureau.

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

Status: Resolved.

Disposal of Surplus Movable Property

Condition: During the year ended December 31, 2017, the Bureau “junked” capital assets without offering for sale as prescribed by state law.

Recommendation: We suggest that the Bureau’s management better its familiarity with the applicable state surplus moveable property laws to ensure that all future capital assets dispositions are appropriately completed.

Planned Action: Management will implement the recommendation.

Status: Resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

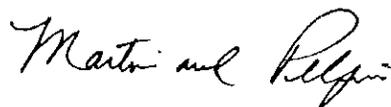
We have performed the procedures enumerated below, which were agreed to by the management of Houma Area Convention and Visitors Bureau and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The Bureau's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described on pages 34-44.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Houma, Louisiana
May 7, 2019

Houma Area Convention and Visitors Bureau
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2018

The required procedures and our findings are as follows:

Procedures performed on the Bureau's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the Bureau's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and inspected the written policy for budgeting and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

Performance: Obtained and read the written policy for purchasing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions

Performance: Obtained and read the written policy for receipts/collections and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Houma Area Convention and Visitors Bureau
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2018

Performance: Obtained and reviewed the written policy for payroll/personnel and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Obtained and reviewed the written policy for contracts and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

Performance: Obtained and read the ethics policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- j) Debt service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Houma Area Convention and Visitors Bureau
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
As of and for the Year Ended December 31, 2018

Performance: Inquired management of its written policy for debt service.
Exceptions: There were no written policies available.
Management's response: Management will adopt policies for debt service.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Performance: Obtained and read the written minutes of board meetings.
Determined the frequency of the board minutes.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, as well as monthly financial statements.

Performance: Inspected the meeting minutes and budget-to-actual comparisons for the General Fund.
Exceptions: There were no exceptions noted.
Management's Response: Not applicable.

c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Performance: Determined that the Bureau did not have a negative ending unrestricted fund balance in the prior year audit report.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly

Houma Area Convention and Visitors Bureau
Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
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select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Performance: Determined that the procedures under #3 could be excluded as the Bureau did not have any exceptions in the Bank Reconciliations category in the prior year.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the ten deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Determined that the procedures under numbers 4 through 7 could be excluded as the Bureau did not have any exceptions in the Collections category in the prior year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures

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relating to employee job duties, and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy and inquired of management as to separation of duties related to vendor files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: The employee who processes payments sometimes mails those payments out.

Management's response: One of the employees who is not responsible for processing payments will be given the assignment to mail payments once the checks are signed.

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10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Determined that the five random disbursements matched their respective original invoices.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement

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or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed written approvals of credit card transactions on monthly statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: Traced selected credit card statements to determine if any finance charges or late fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Performance: Observed whether randomly selected credit card transactions were supported by the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that the procedures under #14 could be excluded as the Bureau did not have any exceptions in the Travel and Travel-Related Expense Reimbursements (excluding card transactions) category in the prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Determined that the procedures under #15 could be excluded as the Bureau did not have any exceptions in the Contracts category in the prior year.

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Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Determined that the procedures under numbers 16 through 19 could be excluded as the Bureau did not have any exceptions in the Payroll and Personnel category in the prior year.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

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- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Bureau's ethics policy during the fiscal period.

Performance: Determined that the procedures under #20 could be excluded as the Bureau did not have any exceptions in the Ethics category in the prior year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Determined that the procedures under numbers 21 and 22 could be excluded as the Bureau did not have any exceptions in the Debt Service category in the prior year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Received management's representation that there were no misappropriation of public funds or assets during the fiscal period.

Exceptions: There were no exceptions noted.

Management's responses: Not applicable.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed if such notice was posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.