

**Houma Area Convention
and Visitors Bureau**

Annual Financial Report
As of and for the
Year Ended December 31, 2017

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

Annual Financial Report
As of and for the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet - Governmental Fund Type - General Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type - General Fund	12
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities	14
Combined Balance Sheet - All Fund Types	15
Notes to Financial Statements	16 - 26
Required Supplemental Information	
Budgetary Comparison Schedule- General Fund	27
Other Information	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	28
Report Required by <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	29 - 30
Schedule of Findings and Responses	31 - 32
Management's Corrective Action Plan for Current Year Findings	33
Schedule of Prior Findings and Responses	34

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

Annual Financial Report
As of and for the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
Statewide Agreed-Upon Procedures	
Independent Accountant's Report on Applying Agreed-Upon Procedures	35
Schedule of Procedures and Associated Findings of the Statewide Agreed-Upon Procedures	36-53

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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, 2017, 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, 2017, 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.

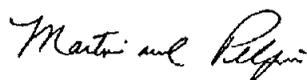
Other Information

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 April 13, 2018, 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
April 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2017**

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, 2017.

FINANCIAL HIGHLIGHTS

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$4,314,743 (net position) as of December 31, 2017.
- Expenditures exceeded revenues by \$285,269 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, 2017

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 \$4,314,743 at the close of the most recent year, December 31, 2017. The largest portions of HACVB's current assets are cash (33%) and investments (54%). HACVB's Net Position is as follows:

HACVB's Net Position

ASSETS	December 31,	
	2017	2016
Current assets	\$ 2,233,017	\$ 2,561,856
Capital assets, net of accumulated depreciation	3,239,399	3,317,166
TOTAL ASSETS	\$ 5,472,416	\$ 5,879,022
 LIABILITIES		
Accounts payable and accrued expenses	\$ 38,931	\$ 20,269
Compensated absences payable	23,742	23,741
Certificate of indebtedness		
Due within one year	145,000	140,000
Due in more than one year	950,000	1,095,000
TOTAL LIABILITIES	1,157,673	1,279,010
 NET POSITION		
Net investment in capital assets	2,144,399	2,082,166
Unrestricted	2,170,344	2,517,846
Total net position	4,314,743	4,600,012
TOTAL LIABILITIES AND NET POSITION	\$ 5,472,416	\$ 5,879,022

- 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 97% of total liabilities.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Management's Discussion and Analysis
December 31, 2017

BASIC FINANCIAL ANALYSIS (Cont.)

During the year, HACVB's net position decreased by \$285,269. The elements of the decrease are as follows:

HACVB's Changes in Net Position

	For the Year Ended December 31,	
	2017	2016
REVENUES		
Parish taxes	\$ 679,799	\$ 691,218
State taxes	553,960	609,529
Cooperative Marketing Program grant	16,332	20,601
Total operating revenues	1,250,091	1,321,348
EXPENSES		
Other services and charges	900,193	804,312
Personal services	469,893	470,791
Depreciation	104,580	73,969
Repairs and maintenance	36,009	19,434
Supplies and materials	9,720	15,822
Total operating expenses	1,520,395	1,384,328
NET REVENUE	(270,304)	(62,980)
GENERAL REVENUES		
Interest earned	19,555	11,947
Other	1,008	3,720
Total general revenues	20,563	15,667
OTHER EXPENSES	35,528	33,570
CHANGE IN NET POSITION	\$ (285,269)	\$ (80,883)

As indicated above, net position decreased by \$285,269. This decrease is primarily attributable to the decrease in parish and state tax revenues and the increase in other services and charges.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2017**

CAPITAL ASSETS

As of December 31, 2017, the Bureau had \$3,239,399 invested in capital assets.

	2017	2016
Land	\$ 306,313	\$ 306,313
Buildings	3,271,567	3,266,067
Office furniture and equipment	254,256	233,085
Automobiles	44,362	74,222
Subtotal	3,876,498	3,879,687
Less accumulated depreciation	(637,099)	(562,521)
	\$ 3,239,399	\$ 3,317,166

During the year ended December 31, 2017, the Bureau expended \$30,385 on new office equipment and building additions.

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 \$140,000 and \$31,985, respectively, for 2017. 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 two times during the year ended December 31, 2017. The budget for revenues was decreased as follows:

Revenues

Total revenues revised budget	\$ 1,269,337
Total revenues original budget	1,151,500
	\$ 117,837

The Bureau's actual revenues were more than the revised budgeted revenues by \$1,317, a favorable variance of 0.10%.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Management's Discussion and Analysis
December 31, 2017

Expenditures

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

Total expenditures revised budget	\$ 1,617,659
Total expenditures original budget	<u>1,627,400</u>
	<u><u>\$ (9,741)</u></u>

The Bureau's actual expenditures exceeded the revised budgeted expenditures by \$526, an unfavorable variance of 0.03%.

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, 2017

	Government Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 731,515
Investments	1,209,376
Taxes receivable	250,502
Due from Terrebonne Parish Consolidated Government	23,070
Prepaid insurance	18,554
Total current assets	2,233,017
Capital assets, net of accumulated depreciation of \$637,099	3,239,399
TOTAL ASSETS	5,472,416
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	38,931
Compensated absences payable	23,742
Total current liabilities	62,673
Certificate of indebtedness	
Due within one year	145,000
Due in more than one year	950,000
TOTAL LIABILITIES	1,157,673
NET POSITION	
Net investment in capital assets	2,144,399
Unrestricted	2,170,344
TOTAL NET POSITION	\$ 4,314,743

See accompanying notes.

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

Statement of Activities
For the Year Ended December 31, 2017

	Government Activities
REVENUES	
Taxes:	
Parish	\$ 679,799
State	553,960
Cooperative Marketing Program grant	<u>16,332</u>
TOTAL REVENUES	<u>1,250,091</u>
EXPENSES	
Economic development and assistance:	
Other services and charges	900,193
Personal services	469,893
Depreciation	104,580
Repairs and maintenance	36,009
Supplies and materials	<u>9,720</u>
TOTAL EXPENSES	<u>1,520,395</u>
NET REVENUE	<u>(270,304)</u>
GENERAL REVENUES	
Interest earned	19,555
Other	<u>1,008</u>
TOTAL GENERAL REVENUES	<u>20,563</u>
	(249,741)
OTHER EXPENSES	
Interest expense	31,985
Disposal of capital assets	<u>3,543</u>
TOTAL OTHER EXPENSES	<u>35,528</u>
CHANGE IN NET POSITION	(285,269)
NET POSITION	
Beginning of year	<u>4,600,012</u>
End of year	<u><u>\$ 4,314,743</u></u>

See accompanying notes.

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

Balance Sheet
Governmental Fund Type
General Fund
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 731,515
Investments	1,209,376
Taxes receivable	250,502
Due from Terrebonne Parish Consolidated Government	23,070
Prepaid insurance	<u>18,554</u>

TOTAL ASSETS \$ 2,233,017

LIABILITIES

Accounts payable and accrued expenses	\$ 38,931
Compensated absences payable	<u>23,742</u>

TOTAL LIABILITIES 62,673

FUND BALANCE

Nonspendable	18,554
Unassigned	<u>2,151,790</u>

TOTAL FUND BALANCE 2,170,344

**TOTAL LIABILITIES AND
FUND BALANCE** \$ 2,233,017

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, 2017

REVENUES

Taxes:

Parish	\$ 679,799
State	553,960
Cooperative Marketing Program grant	<u>16,332</u>

TOTAL REVENUES 1,250,091

EXPENDITURES

Economic development and assistance:

Other services and charges	900,193
Personal services	469,893
Repairs and maintenance	36,009
Supplies and materials	9,720
Capital expenditures	30,385
Debt service	<u>171,985</u>

TOTAL EXPENDITURES 1,618,185

EXCESS OF EXPENDITURES OVER REVENUES (368,094)

GENERAL REVENUES

Interest earned	19,555
Other	<u>1,008</u>

TOTAL GENERAL REVENUES 20,563

CHANGE IN FUND BALANCE (347,531)

FUND BALANCE

Beginning of year	<u>2,517,875</u>
End of year	<u><u>\$ 2,170,344</u></u>

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, 2017

Total fund balance - governmental fund	\$ 2,170,344
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$3,876,498, net of accumulated depreciation of \$637,099, are not financial resources and, therefore, are not reported in the funds.	3,239,399
Certificates of indebtedness are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,095,000)</u>
Total net position of governmental activities	<u>\$ 4,314,743</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, 2017

Change in fund balance - governmental fund	\$ (347,531)
--	--------------

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	(104,580)	
Capital outlays	30,385	
Disposal of capital assets	<u>(3,543)</u>	(77,738)

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>140,000</u>
---	----------------

Change in net position of governmental activities	<u>\$ (285,269)</u>
---	---------------------

See accompanying notes.

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

Combined Balance Sheet –
All Fund Types
December 31, 2017

	Governmental Fund Type General Fund	Fiduciary Fund Type Agency	Total (Memorandum Only)
ASSETS			
Cash and cash equivalents	\$ 731,515	\$ -	\$ 731,515
Investments	1,209,376	-	1,209,376
Taxes receivable	250,502	29,860	280,362
Due from Terrebonne Parish Consolidated Government	23,070	35,236	58,306
Prepaid insurance	18,554	-	18,554
TOTAL ASSETS	\$ 2,233,017	\$ 65,096	\$ 2,298,113
LIABILITIES			
Accounts payable and accrued expenses	\$ 38,931	\$ -	\$ 38,931
Compensated absences payable	23,742	-	23,742
Due to Houma-Terrebonne Civic Center	-	32,548	32,548
Due to Terrebonne Parish Consolidated Government	-	32,548	32,548
Total liabilities	62,673	65,096	127,769
FUND BALANCE			
Nonspendable	18,554	-	18,554
Unassigned	2,151,790	-	2,151,790
Total fund balance	2,170,344	-	2,170,344
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,233,017	\$ 65,096	\$ 2,298,113

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, 2017

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, 2017

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, 2017

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, 2017

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 two times during the year ended December 31, 2017. 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, 2017

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, 2017

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, 2017 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	\$ 781,636	\$ 731,515

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, 2017, \$452,749 of the Bureau's bank balance of \$781,636 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, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

As of December 31, 2017, 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, 2017

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 \$1,207,657,121 as of December 31, 2017.
- 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, 2017 amounted to \$1,209,376 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	\$ 731,515
Reported amount of investments	<u>1,209,376</u>
Total	<u><u>\$ 1,940,891</u></u>

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

Cash	\$ 731,515
Investments	<u>1,209,376</u>
Total	<u><u>\$ 1,940,891</u></u>

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 306,313	\$ -	\$ -	\$ 306,313
Capital assets, being depreciated:				
Automobiles	74,223	-	(29,861)	44,362
Office furniture and equipment	233,085	24,885	(3,714)	254,256
Buildings	3,266,067	5,500	-	3,271,567
Total assets being depreciated	<u>3,573,375</u>	<u>30,385</u>	<u>(33,575)</u>	<u>3,570,185</u>
Less accumulated depreciation:				
Automobiles	(66,802)	-	26,876	(39,926)
Office furniture and equipment	(151,843)	(19,916)	3,127	(168,632)
Buildings	(343,877)	(84,664)	-	(428,541)
Total accumulated depreciation	<u>(562,522)</u>	<u>(104,580)</u>	<u>30,003</u>	<u>(637,099)</u>
Total capital assets being depreciated, net	<u>3,010,853</u>	<u>(74,195)</u>	<u>(3,572)</u>	<u>2,933,086</u>
Governmental activities capital assets, net	<u><u>\$ 3,317,166</u></u>	<u><u>\$ (74,195)</u></u>	<u><u>\$ (3,572)</u></u>	<u><u>\$ 3,239,399</u></u>

During the year ended December 31, 2017, the Bureau expended \$30,385 on new office equipment and building additions.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

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 0.35% through 2017 and a maturity date of May 1, 2024. The balance on this certificate of indebtedness was \$- as of December 31, 2017.

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, 2017:

Payable as of January 1, 2017	\$ 1,235,000
Debt retired (Series 2014 certificate)	<u>(140,000)</u>
Payable as of December 31, 2017	<u><u>\$ 1,095,000</u></u>

The requirements to amortize the certificate of indebtedness outstanding as of December 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	\$ 145,000	\$ 29,806	\$ 174,806
2019	150,000	26,963	176,963
2020	150,000	23,513	173,513
2021	155,000	19,506	174,506
2022	160,000	14,975	174,975
Thereafter	<u>335,000</u>	<u>13,088</u>	<u>348,088</u>
Totals	<u><u>\$ 1,095,000</u></u>	<u><u>\$ 127,851</u></u>	<u><u>\$ 1,222,851</u></u>

NOTE 5 – COOPERATIVE MARKETING PROGRAM GRANTS

On August 7, 2015, the Bureau entered into a cooperative endeavor agreement with the Louisiana Department of Culture, Recreation and Tourism, Office of Tourism. Under the agreement, the State agrees to reimburse the Bureau 50% of the costs incurred for purchasing media. The media must run between July 1, 2016 and June 30, 2017. During the year ended December 31, 2017, \$16,332 of expenses were incurred and reimbursed under this agreement.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government**
Notes to Financial Statements
As of and for the Year Ended December 31, 2017

NOTE 6 – 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 \$18,000 (\$24,000 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, 2017 in the amount of \$30,806.

NOTE 7 – POST-EMPLOYMENT BENEFITS

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

NOTE 8 – COMPENSATION OF BOARD MEMBERS

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

NOTE 9 – 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 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 13, 2018, 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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Varaince with Revised Budget Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State taxes	\$ 500,000	\$ 553,965	\$ 553,960	\$ (5)
Parish taxes	623,000	678,677	679,799	1,122
Interest earned	8,500	19,555	19,555	-
Grant	20,000	16,332	16,332	-
Other	-	808	1,008	200
TOTAL REVENUES	<u>1,151,500</u>	<u>1,269,337</u>	<u>1,270,654</u>	<u>1,317</u>
EXPENDITURES				
<u>Personal Services</u>				
Salaries	360,000	344,300	344,295	(5)
Group insurance	85,000	66,575	66,574	(1)
Payroll taxes	29,000	26,850	26,848	(2)
Pension	30,000	30,810	30,806	(4)
Workers comp insurance	1,500	1,370	1,370	-
Total personal services	<u>505,500</u>	<u>469,905</u>	<u>469,893</u>	<u>(12)</u>
<u>Supplies and Materials</u>				
Postage	5,000	1,975	1,971	(4)
Office supplies	10,000	7,750	7,749	(1)
Total supplies and materials	<u>15,000</u>	<u>9,725</u>	<u>9,720</u>	<u>(5)</u>
<u>Other Services and Charges</u>				
Marketing/advertising	458,700	512,725	513,271	546
Tourism development cooperative	115,000	78,260	68,367	(9,893)
Special events, public relations, and convention	55,200	30,134	29,980	(154)
Group tour services	5,000	1,586	1,586	-
Professional fees	100,000	138,811	128,922	(9,889)
Travel/sales missions	32,000	26,335	26,353	18
Computer	21,000	23,959	23,960	1
Dues and subscriptions	22,000	22,316	22,491	175
Automobile	13,100	8,635	8,633	(2)
Training and professional development	6,500	9,225	9,222	(3)
General insurance	34,250	35,605	35,597	(8)
Telephone/Communications	8,500	8,378	8,378	-
Utilities	17,000	11,680	11,676	(4)
Rent - equipment	7,500	11,245	11,245	-
Storage rental	0	205	205	-
Bank charges	300	308	307	(1)
Total other services and charges	<u>896,050</u>	<u>919,407</u>	<u>900,193</u>	<u>(19,214)</u>
Repairs and maintenance	<u>28,850</u>	<u>36,016</u>	<u>36,009</u>	<u>(7)</u>
Debt service	<u>172,000</u>	<u>172,000</u>	<u>171,985</u>	<u>(15)</u>
Capital expenditures	<u>10,000</u>	<u>10,606</u>	<u>30,385</u>	<u>19,779</u>
TOTAL EXPENDITURES	<u>\$ 1,627,400</u>	<u>\$ 1,617,659</u>	<u>\$ 1,618,185</u>	<u>\$ 526</u>

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, 2017

Agency Head Name: Sharon Alford, Executive Director

Purpose	Amount
Salary	\$ 69,925
Membership fees	15,372
Benefits - insurance	11,263
Deferred compensation	9,488
Miscellaneous	2,182
Service fees	1,991
Per diem	1,103
Office supplies	531
Car allowance/automobile expense	418
Cell phone and iPad fees	300
Registration fees	75
Reimbursements	-
Benefits - retirement	-
Benefits - other	-
Vehicle provided by government	-
Conference travel	-
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

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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, 2017, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, and have issued our report thereon dated April 13, 2018.

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 be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This item is listed as 2017-001.

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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as items 2017-002.

The Bureau's Response to Findings

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

Purpose of this Report

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
April 13, 2018

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

Schedule of Findings and Responses
For the Year Ended December 31, 2017

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. One significant control deficiency (see finding 2017-001) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. One instance of noncompliance (see finding 2017-002) required to be reported in accordance with *Government Auditing Standards* was 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

2017-001

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.

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

Schedule of Findings and Responses
For the Year Ended December 31, 2017

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

Questioned Costs: \$ -0-

2017-002

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

Criteria: State law requires governmental entities wishing to retire surplus moveable property to follow precise statutory guidelines when doing so, including the establishment of the fair value of such items and the offering of such items for sale via applicable legal bid processes.

Effects of Condition: As related to the disposal of the capital assets, the Bureau was not in compliance with Louisiana state surplus movable property laws.

Cause of Condition: As the management of the Bureau deemed the capital assets worthless due to their age and condition, they did not believe that the disposition was subject to the state surplus moveable property laws.

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 asset dispositions are appropriately completed.

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

Questioned Costs: \$ -0-

Section III – Federal Awards

No federal awards were received during the year.

**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, 2017

The contact person for all corrective actions noted below is Ms. Sondra Corbitt, Executive Director.

Section I – Internal Control and Compliance

Inadequate Internal Control

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

Recommendation: The Board of Commissioners of the Bureau 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.

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.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

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

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2017

Note: The prior finding relates to the December 31, 2016 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: Ongoing. The Bureau 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

This section is not applicable.

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

To the Board of Commissioners
Houma Area Convention and Visitors Bureau
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, 2017. 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 the 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 the report has been requested or for any other purpose.

The procedures and associated findings are described on pages 36-53.

We were not engaged to, and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the 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
April 13, 2018

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, 2017

The required procedures and our findings are as follows:

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

1. Obtain the Bureau's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Bureau does not have any written policies and procedures), as applicable:

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

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

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c) Disbursements, including processing, reviewing, and approving.

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

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- d) Receipts, including receiving, recording, and preparing deposits.

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

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

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, 2017

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, and (5) monitoring card usage.

Performance: Obtained and reviewed the written policy for credit cards, and found it to contain the elements included in the 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 reviewed the written policy for travel and expense reimbursement policy, and found it to contain the elements included in the 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 reviewed the written policy for ethics.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired management of its written policy for debt service.

Exceptions: There were no written policies available.

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, 2017

Management's Response: Management will adopt policies for debt service.

Procedures performed on the Bureau's Board Minutes:

2. Obtain and review the board minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of board meetings.

Exceptions: The Bureau's board is scheduled to meet every month, however, it only met 9 times during the fiscal year due to a lack of quorum.

Management's Response: The board will reschedule meetings to be in compliance with their monthly meeting schedules.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected the meeting minutes for budget-to-actual comparisons for the General Fund.

Exceptions: The meeting minutes do not reference monthly budget-to-actual comparisons for the General Fund.

Management's Response: The minutes will reflect presentation of financial statements including budget and actual comparisons to the board.

- a. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Determined that deficit spending did not exist.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected the meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts and disbursements.

Exceptions: There were no expectations noted.

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, 2017

Management's Response: Not applicable.

Procedures performed on the Bureau's bank reconciliation:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

4. Using the listing provided by management, select all of the Bureau's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a.) Bank reconciliations have been prepared;

Performance: Selected two bank accounts out of a total of two accounts. Determined that bank reconciliations were prepared for each month.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

- b.) Bank reconciliations include evidence that a member of management or board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c.) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Performance: Inspected management research documentation for items outstanding for more than 6 months.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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, 2017

Procedures performed on the Bureau's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Obtained the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

6. Using the listing provided by management, select all of the Bureau's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- a.) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

Performance: Inquired of management as to its cash collection policies.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) Obtain existing written documentation and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c.) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- a. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Inspected the highest dollar week of cash collections and determined that all receipt transactions were deposited within 24 hours.

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, 2017

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any expectations.

Performance: Inquired of management of sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by person who is not responsible for collections.

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

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Bureau's general disbursements (excluding credit card, fuel cards, P-cards purchases or payments):

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase

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, 2017

orders, and how invoices are approved.

Exceptions: Management does not use a documented purchase order system. The employee who needs to request an item will do so by requesting from the director. All request are oral, not written.

Management's Response: Management has adopted a change in its policies to use a formal, written purchase order/requisition system in 2018.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Inquired of management as to purchase approval process.

Exceptions: Management does not use written purchase orders. The director orally approves all purchase requests made by the employee.

Management's Response: Management has adopted a change in its policies to use a formal, written purchase order/requisition system in 2018.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Inquired of management and inspected approved invoices.

Exceptions: Payments are processed without written purchase orders, and receiving reports. Management approves invoices after they are received and initials them to show proper approvals. All invoices are approved before payment is made.

Management's Response: Management has adopted a change in its policies to use a formal, written purchase order/requisition system in 2018.

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

Exceptions: The person responsible for recording payments in the accounting system also adds vendors to the disbursement system. Due to one accounting system and only one office personnel using the accounting software, this person both processes payments and adds vendors as needed.

Management's Response: These duties will be separated when the benefit of doing so exceeds the cost.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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, 2017

Performance: Inspected policy as to who is responsible for signing checks and making the final authorization for disbursements. Disbursements can be requested by employees and the board. The director and at least one board member are responsible for the final approvals and signing checks.

Exceptions: There were no exceptions were noted.

Management's Response: Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks are held. The director, as well as the board members with signatory authority, do not have access to unused checks.

Exceptions: There were no exceptions were noted.

Management's Response: Not applicable.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Bureau's credit cards, debit cards, fuel card, p-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and Pcards (cards), 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: Inspected 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal

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, 2017

period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained all monthly statements for two credit cards out of population of three and observed supporting documentation.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: I reviewed the selected credit card statements and determined no finance charges and/or late fees were assessed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected. For each transaction report whether the transaction is supported by:

- a. An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Three credit card transactions for purchases did not include a receipt.

Management's Response: Management will ensure that only credit card purchases supported by an original, properly documented, itemized receipt will be paid by the Bureau.

- b. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transaction. Inspected all meal charges for documentation included the names of the individuals participating.

Exceptions: One credit card transaction for a meal did not document the business purpose of the meal, nor did it document the meal's attendees.

Management's Response: Management will ensure that only credit card purchases supported by an original, properly documented, itemized receipt will be paid by the Bureau.

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, 2017

- c. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Observed written policies and inquired if prior written authorization or approval was needed for transactions.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- a.) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exception.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) For each transaction, compare the Bureau's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions. If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Travel and Expense Reimbursement:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period, or alternately obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Observed a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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, 2017

18. Obtain the Bureau's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Management's travel and expense policies reference the rates established by the State of Louisiana as their applicable rates and mileage rates applicable with the IRS. Noted stated rates complied with GSA rates.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a.) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to applicable rates.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) Report whether each expense is supported by:

- a. An original itemized receipt that identifies precisely what was purchased.

Performance: Inquired of management of itemized receipts. All travel and expense reimbursements are for mileage reimbursements, other than the credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b. Documentation of the business/public purpose.

Performance: Inquired of management of itemized receipts, all travel and expense reimbursements are for mileage reimbursements, other than the

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, 2017

credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c.) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- d.) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected documentation to find all approvals by management.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Bureau's contracts:

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

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, 2017

Exception: There were no exceptions noted.

Management's Response: Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

a.) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained a listing of contract vendors, and selected five vendors that were paid the most during the year. Inspected written contracts that support the service arrangement and the amount paid. Inquired of management of its contract policies.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

b.) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

a. If yes, obtain/compare the supporting contract documentation to legal requirements and report whether the Bureau complied with all legal requirements.

Performance: Not applicable.

Exceptions: Not applicable.

Management's Response: Not applicable.

b. If no, obtain supporting contract documentation and report whether the Bureau solicited quotes as a best practice.

Performance: Determined that the Commission received quotes before accepting the contract.

Exceptions: No exceptions were noted.

Management's Response: Not applicable.

c.) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contract to agree to the actual expenditure. The contract was not amended during the year.

Exceptions: There were no exceptions noted.

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, 2017

Management's response: Not applicable.

- d.) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e.) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

Performance: Inspected board meeting minutes and confirmed the board approved the contract and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Bureau's payroll and personnel:

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- a.) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

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, 2017

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee if the entity had less than 25 employees during the fiscal period, and:

a.) Report whether all selected employees documented their daily attendance and leave.

Performance: Randomly selected one pay period to test leave taken during the period. Inspected all daily attendance and leave records for proper documentation.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

b.) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Performance: Reviewed the approved attendance and leave records.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

c.) Report whether there is written documentation that the Bureau maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

Performance: Inquired and confirmed that the Bureau maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

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, 2017

Performance: Requested a list of employees terminated during the period. None noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms and determined all payroll taxes were timely remitted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Bureau maintained documentation to demonstrate that required ethics training was completed.

Performance: Observed the ethics course completion certificates for the employees tested.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Bureau during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Bureau's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

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, 2017

Procedures performed on the Bureau's debt service:

28. If debt was issued during the fiscal period, obtain supporting documentation from the Bureau, and report whether State Bond Commission approval was obtained.

Performance: Inquired of management of as to debt issued during the year. None was noted.

Exception: No exceptions were noted.

Management's Response: Not applicable.

29. If the Bureau had outstanding debt during the fiscal period, obtain supporting documentation from the Bureau and report whether the Bureau made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Reviewed supporting documentation and determined that the Bureau made scheduled debt service payments.

Exception: No exceptions were noted.

Management's Response: Not applicable.

30. If the Bureau had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable.

Exception: Not applicable.

Management's Response: Not applicable.

Other Procedures performed on the Bureau:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Bureau reported the misappropriation to the legislative auditor and the Bureau attorney of the parish in which the Bureau is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

32. Observe and report whether the Bureau has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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, 2017

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

Exceptions: The notice is not posted to the Bureau's website.

Management's Response: Management will post the notice to their website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representation in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and determined if any exceptions to management's representations existed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.