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Hourma-Terrebonne Tourist Commission

General Purpose Financial Statements
and Independent Auditor's Report
December 31, 1997

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

Release Date ABC 1 2 2000

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

**Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

**General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended December 31, 1997**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Tourist Commission (the Commission), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Houma-Terrebonne Tourist Commission as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 28, 1998, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

To the Board of Commissioners
Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information Schedule of Expenditures - General Fund on page-12 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Houma-Terrebonne Tourist Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



April 28, 1998

**Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

**Combined Balance Sheet-
All Fund Types and Account Group**

December 31, 1997

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash	\$ 352,379		\$ 352,379
Certificates of deposit	26,220		26,220
Taxes receivable	54,699		54,699
Due from Terrebonne Parish Consolidated Government	23,379		23,379
Prepaid insurance	216		216
Fixed assets		\$ 50,943	50,943
Accumulated depreciation		(34,448)	(34,448)
Security deposits	<u>75</u>	<u> </u>	<u>75</u>
TOTAL ASSETS	\$ 452,006	\$ 15,597	\$ 472,985
LIABILITIES			
Accounts payable and accrued expenses	\$ 8,499		\$ 8,499
Due to Terrebonne Parish Consolidated Government	<u>10,200</u>		<u>10,200</u>
Total liabilities	<u>18,699</u>		<u>18,699</u>
FUND EQUITY			
Investment in general fixed assets		\$ 15,597	15,597
Fund balance - unreserved	<u>438,359</u>	<u> </u>	<u>438,359</u>
Total fund equity	<u>438,359</u>	<u>15,597</u>	<u>453,985</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 452,006	\$ 15,597	\$ 472,985

The accompanying notes are an integral part of this statement.

**Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

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

For the Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes:			
Parish	\$209,500	\$271,353	\$ 61,853
State	115,000	170,307	55,307
Miscellaneous:			
Interest earned	6,000	14,215	8,215
Other	-0-	54	54
	<u>330,500</u>	<u>455,929</u>	<u>125,429</u>
EXPENDITURES			
Economic development and assistance:			
Personal services	109,700	904,925	4,775
Supplies and materials	17,500	12,809	4,691
Other services and charges	113,100	131,463	(18,363)
Repairs and maintenance	3,500	4,318	(718)
Capital expenditures	<u>4,700</u>	<u>8,521</u>	<u>(4,821)</u>
	<u>248,500</u>	<u>253,036</u>	<u>(14,536)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 82,000</u>	<u>192,893</u>	<u>\$ 110,893</u>
FUND BALANCE			
Beginning of year		<u>245,466</u>	
End of year		<u>\$438,359</u>	

The accompanying notes are an integral part of this statement.

Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

NOTE 1 - Summary of Significant Accounting Policies

The Houma-Terrebonne Tourist Commission (the Commission) 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 Commission was formed for the purpose of promoting tourism within the Parish of Terrebonne. The Commission is composed of nine members, known as directors, who are authorized to do all things necessary for the promotion, advertisement, and publication of information relating to tourist attractions within its jurisdiction. The Commission may also sue and be sued, accept grants or donations of every type, and make capital improvements for the purpose of obtaining federal funds. However, the Commission may not exercise any function which results in competition with local retail businesses or enterprises. The Commission is funded by a 3% 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 commission's behalf.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies:

A. REPORTING ENTITY:

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

1. Appointment of voting majority of governing board
2. Imposes its will
3. Financial benefit or burden
4. Fiscally dependent
5. Designate management

Because the consolidated government appoints the governing board and can impose its will, the Houma-Terrebonne Tourist Commission 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 Commission and do not present information on the consolidated government, the general government

Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 1997

services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

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

B. FUND ACCOUNTING:

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Funds

Governmental Funds are those through which governmental functions of the Commission are financed. The acquisition, use, and balances of the Commission'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 Commission:

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

C. BASIS OF ACCOUNTING:

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

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Hotel/motel sales and use taxes are recorded as revenues in the month due. Parish tax revenues are collected by the Terrebonne Parish Sales and Use Tax Department, remitted to the

**Iouana-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

**Notes to Financial Statements
As of and For the Year Ended December 31, 1997**

Terrebonne Parish Consolidated Government, and subsequently sent to the Commission. December taxes were remitted to the Terrebonne Parish Sales and Use Tax Department in January and paid to the Commission in February. The state tax revenues are collected by the Treasurer of the State of Louisiana and remitted to the Commission on a quarterly basis. Miscellaneous revenues are recorded as revenues when received in cash by the Commission because they are generally not measurable until actually received.

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

D. OPERATING BUDGETARY DATA:

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the Commission'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 which are not expended, or obligated through contracts, lapse at year end. The budget was amended once during the year.

The General Fund budget is adopted on a basis materially consistent with generally accepted accounting principles.

E. BAD DEBTS:

The financial statements of the Commission 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 Commission.

F. CERTIFICATES OF DEPOSIT

Certificates of deposit are stated at cost, which approximates market.

Houma-Terrebonne Tourist Commission
Terrebonne Parish consolidated Government

Notes to Financial Statements
As of and For the Year Ended December 31, 1997

G. GENERAL FIXED-ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with measurement of financial 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 years
Automobile	5 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.

H. COMPENSATED ABSENCES:

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

The amount of accumulated vacation benefits was not significant at December 31, 1997.

I. ENCUMBRANCES:

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Commission.

**Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and For the Year Ended December 31, 1997

J. 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 generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - Cash and Certificates of Deposit

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that 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.

At December 31, 1997 the Commission had deposits in excess of FDIC insurance limits and pledged securities of \$136,758. Insufficient securities were pledged by the Commission's fiscal agent at December 31, 1997 to collateralize these deposits, and, as such the Commission's deposits are under-collateralized.

**Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and For the Year Ended December 31, 1997

NOTE 3 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance January <u>1, 1997</u>	Additions	Deletions	Balance December <u>31, 1997</u>
Automobile	\$15,885	\$ -0-	\$ -0-	\$ 15,885
Office furniture, fixtures and equipment	<u>24,637</u>	<u>9,521</u>	<u>-0-</u>	<u>34,158</u>
	40,522	9,521	-0-	50,043
Less accumulated depreciation	<u>(29,111)</u>	<u>(5,265)</u>	<u>-0-</u>	<u>(34,376)</u>
Totals	<u>\$11,411</u>	<u>\$ 4,256</u>	<u>\$ -0-</u>	<u>\$ 15,697</u>

NOTE 4 - Rental Commitment

The Commission entered into a lease agreement with the Houma-Terrebonne Chamber of Commerce commencing January 1, 1991 through December 31, 1993. The lease agreement called for advance monthly rental payments due on the first of each month in the amount of \$661. The lease agreement also contained an option that was elected by the Commission to prepay the discounted sum of \$ 67,000 for the entire ten year lease period. The Commission amortized one tenth of the prepayment (\$6,700) annually as rental expense. The lease was automatically renewed for an additional ten year period since there was no written notice presented to the Commission regarding termination of the lease before expiration of the primary lease term. There shall be no cash rental due, but all obligations of leasee shall continue as long as lessee occupies the leased premises.

Houma-Terrebonne Tourist Commission
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and For the Year Ended December 31, 1997

NOTE 5 - Compensation of Board Members

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

NOTE 6 - Contingencies

The Commission is currently planning to construct a new office/tourist visiting center. This new building has an approximate cost of \$500,000. The commission has estimated that the construction of the building could begin by December 1998.

Houma-Terrebonne Tourist Commission

Supplemental Information Schedule -
Schedule of Expenditures - General Fund
For the Year Ended December 31, 1987

ECONOMIC DEVELOPMENT AND ASSISTANCE

Personal Services

Salaries	\$ 89,417
Group insurance	8,341
Payroll taxes	<u>7,287</u>
Total	<u>104,905</u>

Supplies and Materials

Office supplies	8,870
Postage	<u>4,028</u>
Total	<u>12,898</u>

Other Services and Charges

Advertising	42,594
Brochures	20,317
Seminars and conventions	13,168
Travel and entertainment	12,518
Professional fees	12,481
Telephone	9,462
Dues and subscriptions	6,578
General insurance	5,451
Automobile	3,043
Utilities	1,973
Miscellaneous	1,488
Rental of equipment	1,309
Photography	<u>1,026</u>
Total	<u>181,493</u>

Repairs and Maintenance 4,219

Capital Expenditures 8,621

Total economic development
and assistance **\$293,026**

Houma-Terrebonne Tourist Commission

Schedule of Findings and Questioned Costs For the Year Ended December 31, 1987

Questioned Costs

FINDINGS

82-1

Statement of Condition: An instance of noncompliance with state law related to the collateralization of bank deposits.

Criteria: State law requires that 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 in the name of the political subdivision. At December 31, 1987 the Commission had bank deposits in excess of acceptable collateralization of \$136,750.

Effect: The Commission is not in compliance with the state law related to the collateralization of bank deposits. A bank failure could result in the loss of the Commission's uncollateralized deposits.

Cause of Condition: The Commission has an agreement with its depository institution that deposits are to be fully collateralized at all times. However, one bank did not pledge sufficient securities to collateralize a money market account with a significant balance.

Recommendation: The management of the Commission should contact this bank and have securities pledged in amounts sufficient to fully collateralize deposits. Also, regular monitoring of the adequacy of coverage should be instituted.

Response: The management of the Houma-Terrebonne Tourist Commission concurs with this finding.

Questioned Costs:

\$ _____

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Houma-Terrebonne Tourist Commission
Houma, Louisiana

We have audited the general purpose financial statements of the Houma-Terrebonne Tourist Commission (the Commission), as of and for the year ended December 31, 1997, and have issued our report thereon dated April 28, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 57-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their

To the Board of Commissioners
Houma-Terrebonne Tourist Commission
Houma, Louisiana

assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



April 28, 1998

**Martin
and
Feligrie**

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**INDEPENDENT AUDITOR'S COMMENTS ON AUDIT RESOLUTION
MATTERS RELATING TO PRIOR AUDIT COMMENTS AND FINDINGS**

The Houma-Terrebonne Tourist Commission had no findings during the audit of the year ended December 31, 1999 requiring comment, and consequently, required no corrective action plan. A management letter was not issued.



April 20, 1999

Houma-Terrebonne Tourist Commission

1707 South 55 Street St. Houma, LA 70360 P.O. Box 2782 Houma, LA 70361
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Bayou Country



CORRECTIVE ACTION PLAN

April 28, 1998

Office of Legislative Auditor
State of Louisiana
P. O. Box 94287
Baton Rouge, LA 70804-0287

The Houma-Terrebonne Tourist Commission respectfully submits the following corrective action plan for the year ended December 31, 1997.

Name and address of independent public accounting firm:

Martin and Pellegrin, CPA's (PC)
103 Ransy Road
Houma, Louisiana 70360

Audit Period: Year Ending December 31, 1997

A. Comments on Findings and Recommendations

Collateralization of Bank Deposits - As related to the finding concerning collateralization of bank deposits (bank deposits under-collateralized by \$136,759 at December 31, 1997), we concur with this finding. The Commission has an agreement with its depository institution that deposits are to be fully collateralized at all times. However, one bank did not pledge sufficient securities to collateralize the money market account we have there.

B. Actions Taken

Collateralization of Bank Deposits - As recommended by the independent auditors, we have contacted this bank and have had sufficient securities pledged to collateralize our bank deposits. We will regularly review these pledged securities for adequacy.

C. Status of Prior Findings

The independent auditor's report for the year ended December 31, 1995 included no findings requiring comment.

If you have any questions, please do not hesitate to contact me.

Thank you for your help in this matter.

Sincerely,



Ms. Sharon Alford
Executive Director