

**Houma Area Convention
and Visitors Bureau**

Annual Financial Report
As of and for the
Year Ended December 31, 2003

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

Release Date 9.1.04

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

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

Annual Financial Report
As of and for the Year Ended December 31, 2003

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Balance Sheet - Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type - General Fund	11
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities	12
Combined Balance Sheet - All Fund Types	13
Notes to Financial Statements	14-20
Required Supplemental Information	
Budgetary Comparison Schedule	21
Supplemental Information	
Schedule of Expenditures - General Fund	22
Special Reports of Certified Public Accountants	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Schedule of Findings and Questioned Costs	25-26
Management's Corrective Action Plan for Current Year Findings	27
Schedule of Prior Findings and Resolution Matters	28

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Houma Area Convention and Visitors Bureau (the Bureau), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

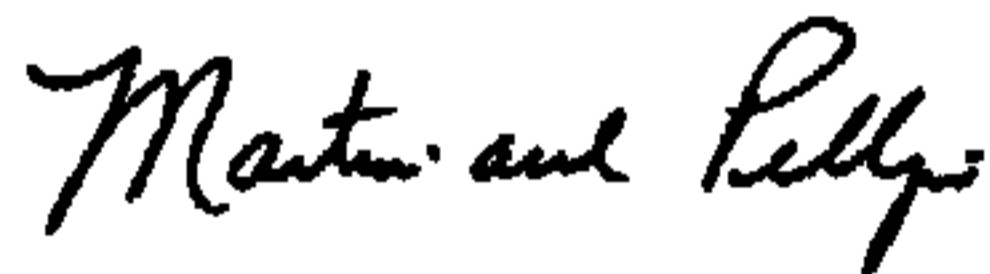
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Houma Area Convention and Visitors Bureau as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2004, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison information on 21 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information Schedule of Expenditures - General Fund on page 22 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Houma Area Convention and Visitors Bureau. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



March 9, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2003

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, 2003.

FINANCIAL HIGHLIGHTS

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$1,321,136 (net assets) as of December 31, 2003.
- Expenditures exceeded revenues by \$167,308 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2003**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

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

BASIC FINANCIAL ANALYSIS

As noted earlier, fund balance may serve over time as a useful indicator of an entity's financial position. In the case of HACVB, assets exceeded liabilities by \$1,321,136 at the close of the most recent year, December 31, 2003. The largest portion of HACVB's total assets is net fixed assets (59%) and cash (18%).

HACVB's Net Assets

ASSETS	December 31,	
	2003	2002
Current assets	\$ 554,502	\$ 730,312
Capital assets, net accumulated depreciation	787,442	767,887
Other assets	75	75
TOTAL ASSETS	\$ 1,342,019	\$ 1,498,274
LIABILITIES		
Accounts payable and accrued expenses	\$ 20,883	\$ 9,830
NET ASSETS		
Invested in capital assets	787,442	767,887
Fund balance - unreserved	533,694	720,557
Total net assets	1,321,136	1,488,444
TOTAL LIABILITIES AND NET ASSETS	\$ 1,342,019	\$ 1,498,274

- Capital assets, which were reported net of accumulated depreciation, account for 59% of the total assets of HACVB for the most recent year ended.
- Investment in capital assets accounts for 59% of net assets.

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2003**

BASIC FINANCIAL ANALYSIS (Cont.)

During the year HACVB's net assets decreased by \$167,308. The elements of the decrease are as follows:

HACVB's Changes in Net Assets

	<u>For the Year Ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
REVENUES		
Taxes:		
Parish	\$ 333,478	\$ 327,442
State	247,492	271,732
Miscellaneous		
Interest earned	5,572	11,721
Other	10,579	1,827
Total operating revenues	<u>597,121</u>	<u>612,722</u>
EXPENSES		
Personal services	196,953	178,680
Supplies and materials	15,492	19,925
Other services and charges	474,100	408,600
Repairs and maintenance	28,035	21,818
Depreciation	49,511	42,691
Total operating expense	<u>764,091</u>	<u>671,714</u>
OTHER EXPENSE		
Loss on disposal of asset	<u>(338)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ (167,308)</u>	<u>\$ (58,992)</u>

As indicated above, net assets decreased by \$167,308. This decrease is attributed to the decrease in state tax revenue and interest income and the increase in advertising expense and salaries.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2003

CAPITAL ASSETS

As of December 31, 2003, the Bureau had \$963,188 invested in capital assets.

	<u>2003</u>	<u>2002</u>
Land	\$ 54,300	\$ 50,000
Buildings	704,733	673,307
Auto and trucks	50,141	40,606
Office equipment	154,014	150,197
Subtotal	<u>963,188</u>	<u>914,110</u>
Less accumulated depreciation	(175,746)	(146,223)
	<u>\$ 787,442</u>	<u>\$ 767,887</u>

This is an increase in net capital assets of \$19,555 over last year. Depreciation expense for the year is \$49,511.

ORIGINAL VS. REVISED BUDGET

As a matter of practice, the Bureau amends its budget once during the fiscal year. For the year ended December 31, 2003, the budget was amended in December 2003. The budget for revenues was increased by 14%.

Revenues

Total revenues revised budget	\$ 556,750
Total revenues original budget	488,400
	<u>\$ 68,350</u>

Increase in Revenue Budget

The Bureau's actual revenues were more than the revised budgeted revenues by \$40,371, a variance of 7.25%.

Expenditures

The Bureau's budget for expenditures decreased by 11% for the year ended December 31, 2003.

Total expenditures revised budget	\$ 778,616
Total expenditures original budget	866,994
	<u>\$ (88,378)</u>

**Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2003**

ORIGINAL VS. REVISED BUDGET (Cont.)

Decrease in Expenditure Budget

The Bureau's actual expenditures were more than the revised budget by less than 1%.

REQUEST FOR INFORMATION

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

FINANCIAL STATEMENTS SECTION

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

Statement of Net Assets

December 31, 2003

	Government Activities
ASSETS	
Cash	\$ 238,406
Investments	205,403
Taxes receivable	80,670
Due from Terrebonne Parish Consolidated Government	29,031
Prepaid insurance	992
Security deposits	75
Fixed assets	963,188
Accumulated depreciation	<u>(175,746)</u>
TOTAL ASSETS	<u>\$ 1,342,019</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 20,883</u>
NET ASSETS	
Investment in general fixed assets	787,442
Fund balance - unreserved	<u>533,694</u>
TOTAL NET ASSETS	<u>1,321,136</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,342,019</u>

The accompanying notes are an integral part of this statement.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Statement of Activities

For the Year Ended December 31, 2003

	Government Activities
REVENUES	
Taxes:	
Parish	\$ 333,478
State	247,492
Miscellaneous:	
Interest earned	5,572
Other	<u>10,579</u>
TOTAL REVENUES	<u>597,121</u>
EXPENSES	
Economic development and assistance:	
Personal services	196,953
Supplies and materials	15,492
Other services and charges	474,100
Repairs and maintenance	28,035
Depreciation	<u>49,511</u>
TOTAL EXPENSES	<u>764,091</u>
OTHER EXPENSE	
Loss on disposal of asset	<u>(338)</u>
CHANGE IN NET ASSETS	(167,308)
NET ASSETS	
Beginning of year	<u>1,488,444</u>
End of year	<u><u>\$ 1,321,136</u></u>

The accompanying notes are an integral part of this statement.

Houma Area Convention and Visitors Bureau
Terrebonne Parish Consolidated Government

Balance Sheet
Governmental Fund Type
Governmental Fund

December 31, 2003

ASSETS	
Cash	\$ 238,406
Investments	205,403
Taxes receivable	80,670
Due from Terrebonne Parish Consolidated Government	29,031
Prepaid insurance	992
Security deposits	75
	<hr/>
TOTAL ASSETS	\$ 554,577
	<hr/> <hr/>
LIABILITIES	
Accounts payable and accrued expenses	\$ 20,883
Fund balance	
Fund balance - unreserved	533,694
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 554,577
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

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

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

For the Year Ended December 31, 2003

REVENUES

Taxes:

Parish	\$ 333,478
State	247,492

Miscellaneous:

Interest earned	5,572
Other	10,579

TOTAL REVENUES	<u>597,121</u>
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EXPENSES

Economic development and assistance:

Personal services	196,953
Supplies and materials	15,492
Other services and charges	474,100
Repairs and maintenance	28,035
Capital expenditures	69,404

TOTAL EXPENSES	<u>783,984</u>
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CHANGE IN NET ASSETS	(186,863)
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NET ASSETS

Beginning of year	<u>720,557</u>
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End of year	<u>\$ 533,694</u>
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The accompanying notes are an integral part of this statement.

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

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

December 31, 2003

Total fund balance - total governmental funds	\$	533,694
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p style="margin-left: 40px;">Capital assets of \$963,188, net of accumulated depreciation of \$175,746, are not financial resources and, therefore, are not reported in the funds.</p>		
		<u>787,442</u>
Net assets of governmental activities	\$	<u>1,321,136</u>

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

December 31, 2003

Change in fund balance - governmental fund	\$	(186,863)
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p style="margin-left: 40px;">Governmental fund reports capital outlays as expenditures whereas in the statement of activities, these costs are depreciated over their estimated useful lives</p>		
Depreciation expense	(49,511)	
Capital outlays	<u>69,404</u>	19,893
Loss on disposal of asset		<u>(338)</u>
Change in net assets of governmental activities	\$	<u>(167,308)</u>

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

**Combined Balance Sheet –
All Fund Types**

December 31, 2003

	Governmental Fund Type General Fund	Fiduciary Fund Type Agency	Total (Memorandum Only)
ASSETS			
Cash	\$ 238,406	\$ -	\$ 238,406
Investments	205,403	-	205,403
Taxes receivable	80,670	8,633	89,303
Due from Terrebonne Parish Consolidated Government	29,031	9,677	38,708
Prepaid insurance	992	-	992
Security deposits	75	-	75
	\$ 554,577	\$ 18,310	\$ 572,887
TOTAL ASSETS			
 LIABILITIES			
Accounts payable and accrued expenses	\$ 20,883	\$ -	\$ 20,883
Due to Houma-Terrebonne Civic Center	-	18,310	18,310
	20,883	18,310	39,193
Total liabilities			
 FUND BALANCE			
Fund balance - unreserved	533,694	-	533,694
	\$ 554,577	\$ 18,310	\$ 572,887
TOTAL LIABILITIES AND FUND BALANCE			

The accompanying notes are an integral part of this statement.

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

Notes to Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Houma Area Convention and Visitors Bureau (the Bureau) was created and established by Terrebonne Parish Police Jury Ordinance No. 1977 on May 3, 1977, authorized by Act 19 of the Louisiana Legislature of 1975 (R.S. 33-4574-3574,3). The Bureau was formed for the purpose of promoting tourism within the Parish of Terrebonne. The Bureau is composed of nine members, known as commissioners, who are authorized to do all things necessary for the promotion, advertisement, and publication of information relating to tourist attractions within its jurisdiction. The Bureau may also sue and be sued, accept grants or donations of every type, and make capital improvements for the purpose of obtaining federal funds. However, the Bureau may not exercise any function that results in competition with local retail businesses or enterprises. The Bureau is funded by a 3.5% tax on the occupancy of hotel rooms, motel rooms, and overnight camping facilities located within the boundaries of Terrebonne Parish and taxes collected by the state on the Bureau's behalf.

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

A. REPORTING ENTITY

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

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

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

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

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

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

Notes to Financial Statements
As of and for the Year Ended December 31, 2003

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

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. The major fund categories are:

Governmental Funds

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

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

Fiduciary Funds

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

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

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

Notes to Financial Statements
As of and for the Year Ended December 31, 2003

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

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.

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

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

D. OPERATING BUDGETARY DATA

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

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

E. 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.

F. 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, 2003

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

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. CAPITAL ASSETS

Capital assets are presented on the Statement of Net Assets.

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

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

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

I. ENCUMBRANCES

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

J. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the Bureau primarily relate to fixed assets' useful lives.

K. 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, 2003

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

L. COMPENSATED ABSENCES

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

The amount of accumulated vacation benefits was not significant as of December 31, 2003.

NOTE 2 – DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state banks organized under Louisiana law or national banks having a branch 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. The Bureau's deposits are categorized to give an indication of the level of risk assumed as of December 31, 2003. The categories are as follows:

- Category 1 - Insured or collateralized with securities held by the Bureau or by its agent in the Bureau's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Bureau's name.
- Category 3 - Uncollateralized

Deposits, categorized by level of risk, are:

	Bank Balance	Category		
		1	2	3
Cash and cash equivalents	\$ 252,346	\$ 114,882	\$ 137,464	\$ -

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

Notes to Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

The Bureau's deposits were not in excess of FDIC insurance limits and acceptable pledged securities as of December 31, 2003.

Under state law, the Bureau may invest in United States bonds, treasury notes and bills, or certificates of deposit of state banks organized under Louisiana law and national banks having offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. As of December 31, 2003, the Bureau holds investments consisting of certificates of deposits and deposits in LAMP.

The Bureau's investments are categorized to give an indication of the level of risk assumed by the Bureau as of December 31, 2003. The categories are described as follows:

- Category 1 - Insured or registered, with securities held by the Bureau or its agent in the Bureau's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Bureau's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Bureau's name.

Investments, categorized by level of risk, are:

	Category			Fair Value	Cost
	1	2	3		
Certificates of Deposit	\$ 30,299	\$ -	\$ -	\$ 30,299	\$ 30,299

Investments with a cost of \$175,104 were on deposit with LAMP as of December 31, 2003. This cost did not differ materially from the market value of the investments on that date. The investment with LAMP is not categorized in the three risk categories above provided by GASB Codification Section 150.164 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

NOTE 3 – COMPENSATION OF BOARD MEMBERS

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

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

Notes to Financial Statements
As of and for the Year Ended December 31, 2003

NOTE 4 – CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Automobiles	\$ 40,606	\$ 29,861	\$ (20,326)	\$ 50,141
Office furniture, fixtures, and equipment	150,197	3,817	-	154,014
Building	673,307	31,426	-	704,733
Land	50,000	4,300	-	54,300
	<u>914,110</u>	<u>69,404</u>	<u>(20,326)</u>	<u>963,188</u>
Less accumulated depreciation	<u>(146,223)</u>	<u>(49,511)</u>	<u>19,988</u>	<u>(175,746)</u>
Totals	<u>\$ 767,887</u>	<u>\$ 19,893</u>	<u>\$ (338)</u>	<u>\$ 787,442</u>

NOTE 5 – DEFERRED COMPENSATION PLAN

The Bureau established an IRC Section 457 Deferred Compensation Plan on April 18, 2001. Employees are allowed to contribute the lesser of 33 1/3% of includible compensation or \$12,000. The Bureau has elected to make employer matching funds available to those employees who have completed one year of active service. The Bureau made matching contributions to the plan for the year ended December 31, 2003 in the amount of \$12,116.

REQUIRED SUPPLEMENTAL INFORMATION

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

**Budgetary Comparison Schedule
Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Parish Taxes	\$ 288,000	\$ 322,500	\$ 333,478	\$ 10,978
State Taxes	190,400	229,250	247,492	18,242
Interest Earned	10,000	5,000	5,572	572
Other	-	-	10,579	10,579
TOTAL REVENUES	<u>488,400</u>	<u>556,750</u>	<u>597,121</u>	<u>40,371</u>
EXPENDITURES				
<u>Personal Services</u>				
Salaries	160,000	150,000	150,479	479
Pension	12,000	12,000	12,116	116
Group insurance	20,000	24,900	22,452	(2,448)
Payroll taxes	14,000	15,000	11,908	(3,094)
Total personal services	<u>206,000</u>	<u>201,900</u>	<u>196,953</u>	<u>(4,947)</u>
<u>Supplies and Materials</u>				
Office supplies	12,000	12,000	10,918	(1,082)
Postage	16,000	4,600	4,574	(26)
Total supplies and materials	<u>28,000</u>	<u>16,600</u>	<u>15,492</u>	<u>(1,108)</u>
<u>Other Services and Charges</u>				
Advertising	319,000	324,502	339,363	14,861
Travel and entertainment	30,000	25,700	25,653	(47)
Seminars and conventions	30,000	16,000	16,020	20
Contributions	23,750	12,500	12,500	-
General insurance	16,000	12,900	17,376	4,476
Telephone	12,000	9,300	9,401	101
Professional fees	10,000	9,150	8,791	(359)
Dues and subscriptions	8,000	28,500	28,535	35
Automobile	7,000	6,700	4,957	(1,743)
Utilities	5,400	6,020	6,542	522
Special events	20,000	1,615	1,616	1
Miscellaneous	10,000	7,200	2,055	(5,145)
Database development	12,000	7,500	-	(7,500)
Printing and publications	1,500	900	-	(900)
Uniforms	4,000	1,290	1,291	1
Total other services and charges	<u>508,650</u>	<u>469,777</u>	<u>474,100</u>	<u>4,323</u>
Repairs and Maintenance	32,344	20,936	28,035	7,099
Capital Expenditures	92,000	69,403	69,404	1
TOTAL EXPENDITURES	<u>866,994</u>	<u>778,616</u>	<u>783,984</u>	<u>5,368</u>

SUPPLEMENTAL INFORMATION

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

Supplemental Information Schedule -
Schedule of Expenditures - General Fund
For the Year Ended December 31, 2003

ECONOMIC DEVELOPMENT AND ASSISTANCE

Personal Services

Salaries	\$ 150,479
Group insurance	22,452
Pension	12,116
Payroll taxes	11,906
	<hr/>

Total personal services	<u>196,953</u>
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Supplies and Materials

Office supplies	10,918
Postage	4,574
	<hr/>

Total supplies and materials	<u>15,492</u>
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Other Services and Charges

Advertising	351,863
Dues and subscriptions	28,535
Travel and entertainment	25,653
General insurance	17,376
Seminars and conventions	16,020
Telephone	9,401
Professional fees	8,791
Utilities	6,542
Automobile	4,957
Miscellaneous	2,055
Special events	1,616
Uniforms	1,291
	<hr/>

Total other services and charges	<u>474,100</u>
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Repairs and Maintenance

	<u>28,035</u>
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Capital Expenditures

	<u>69,404</u>
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**TOTAL ECONOMIC DEVELOPMENT
AND ASSISTANCE**

	<u>\$ 783,984</u>
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SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
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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 Area Convention and Visitors Bureau
Houma, Louisiana

We have audited the basic financial statements of the Houma Area Convention and Visitors Bureau (the Bureau), as of and for the year ended December 31, 2003, and have issued our report thereon dated March 9, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Bureau's basic 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

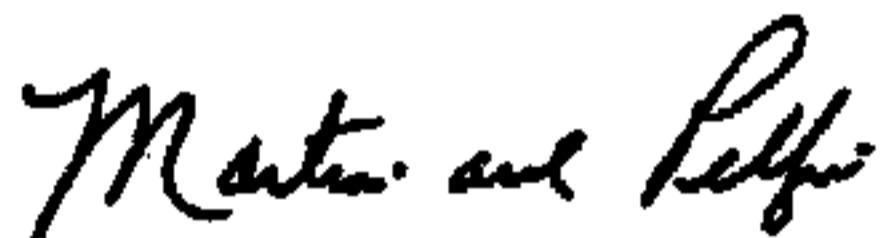
In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to record, process, summarize and report financial data

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

consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 03-01.

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 financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, the reporting entity, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



March 9, 2004

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

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003**

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Houma Area Convention and Visitors Bureau.
2. One reportable condition (finding 03-01) was noted during the audit of the financial statements. This reportable condition was not considered a material weakness.
3. No instances of noncompliance material to the basic financial statements of the Houma Area Convention and Visitors Bureau were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

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

Section III – Internal Control Findings

03-01

Statement of Conditions: A reportable condition 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 Conditions: The size of the Houma Area Convention and Visitors Bureau and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

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

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

Questioned Costs: \$ -0-

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

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003

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

This section is not applicable.

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

**Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2003**

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

Inadequate Internal Control

Condition: A reportable condition in the internal control related to lack of segregation of duties.

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

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

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

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

**Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2003**

Note: The prior findings all relate to the December 31, 2002 audit engagement.

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

Inadequate Internal Control

Condition: A reportable condition in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of the Organization should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

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

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

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.