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NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)

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 MAY 24 2000

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of the **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of December 31, 1999 and for the year then ended as listed in the Table of Contents. These general purpose financial statements are the responsibility of NOTMC'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 in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

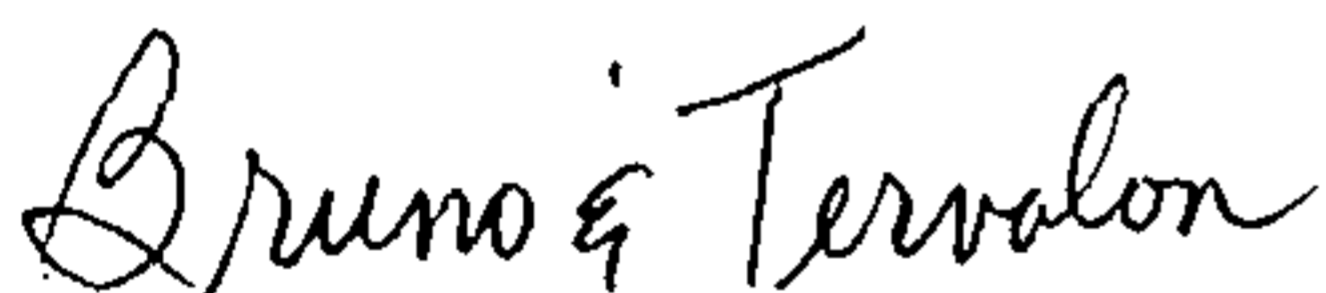
As discussed in NOTE 1, the general purpose financial statements present only the activities of the **New Orleans Tourism Marketing Corporation** and are not intended to present fairly the financial position, and the results of operations of the City of New Orleans in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana
Page 2

In our opinion, the general purpose financial statements referred to previously present fairly, in all material respects, the financial position of the **New Orleans Tourism Marketing Corporation (A Component Unit of the City of New Orleans)** as of December 31, 1999, and the results of its operations, arising from the City's appropriations, for the year ended December 31, 1999, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2000 on our consideration of NOTMC's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2000

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPE	ACCOUNT GROUPS		Total (Memorandum Only)
	General Fund	General Fixed Assets	General Long-term Debt	
<u>ASSETS AND OTHER DEBITS</u>				
Cash (NOTE 2)	\$ 418,586	\$ -0-	\$ -0-	\$ 418,586
Hotel/Motel taxes receivable (NOTE 4)	342,955	-0-	-0-	342,955
Accounts receivable - casino funding (NOTE 3)	1,000,000	-0-	-0-	1,000,000
Accounts receivable - other	4,069	-0-	-0-	4,069
Other assets	7,119	-0-	-0-	7,119
Furniture, fixtures and equipment (NOTE 7)	-0-	85,941	-0-	85,941
Amounts to be provided from general government revenues	-0-	-0-	8,904	8,904
Total assets and other debits	<u>\$1,772,729</u>	<u>\$85,941</u>	<u>\$8,904</u>	<u>\$1,867,574</u>
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 481,166	\$ -0-	\$ -0-	\$ 481,166
Compensated absences (NOTES 1 and 8)	-0-	-0-	8,904	8,904
Total liabilities	<u>481,166</u>	<u>-0-</u>	<u>8,904</u>	<u>490,070</u>
Fund Equity and Other Credits:				
Contributed assets (NOTE 5)	-0-	7,008	-0-	7,008
Investment in general fixed assets	-0-	78,933	-0-	78,933
Fund balances-unreserved:				
Designated for payment of current obligations	25,070	-0-	-0-	25,070
Undesignated	1,266,493	-0-	-0-	1,266,493
Total fund equity	<u>1,291,563</u>	<u>85,941</u>	<u>-0-</u>	<u>1,377,504</u>
Total liabilities, fund equity and other credits	<u>\$1,772,729</u>	<u>\$85,941</u>	<u>\$8,904</u>	<u>\$1,867,574</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES

Base funding - City of New Orleans (NOTE 3)	\$1,000,000
Hotel/Motel taxes (net of collection fees) (NOTE 3)	4,181,207
Interest income	20,234
Casino funding (NOTE 3)	1,000,000
Other revenue	<u>281,128</u>
 Total revenues	 <u>6,482,569</u>

EXPENDITURES

Provision of funding to outside agencies (NOTE 6)	1,516,232
Special events	267,340
Christmas media and promotion	319,852
National media	167,489
Summer media	323,531
Production	260,542
Public relations	296,847
Research	125,888
Telemarketing	131,543
Marketing agency fees	548,410
Interactive marketing	247,494
Special summer convention	125,000
General and administrative	294,049
Good Times Guide	280,756
Other marketing expenses	49,787
Casino marketing expenses	<u>1,066,691</u>
 Total expenditures	 <u>6,021,451</u>
 Excess of revenues over expenditures	 461,118
Fund balance, beginning of year	<u>830,445</u>
 Fund balance, end of year	 <u>\$1,291,563</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET
(GAAP BASIS) AND ACTUAL--GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Base funding - City of New Orleans	\$1,000,000	\$1,000,000	\$ -0-
Hotel/Motel taxes (net of collection fees)	4,050,000	4,181,207	131,207
Interest income	-0-	20,234	20,234
Casino funding	1,000,000	1,000,000	-0-
Other revenue	<u>-0-</u>	<u>281,128</u>	<u>281,128</u>
 Total revenues	 <u>6,050,000</u>	 <u>6,482,569</u>	 <u>432,569</u>
<u>EXPENDITURES</u>			
Provision of funding to outside agencies	1,516,232	1,516,232	-0-
Special events	291,500	267,340	24,160
Christmas media and promotion	300,000	319,852	(19,852)
National media	200,000	167,489	32,511
Summer media	450,000	323,531	126,469
Production	150,000	260,542	(110,542)
Public relations	275,000	296,847	(21,847)
Research	175,000	125,888	49,112
Telemarketing	235,000	131,543	103,457
Marketing agency fees	550,000	548,410	1,590
Interactive marketing	175,000	247,494	(72,494)
Special summer convention	125,000	125,000	-0-
General and administrative	245,000	294,049	(49,049)
Good Times Guide	225,000	280,756	(55,756)
Other marketing expenses	80,000	49,787	30,213
Casino marketing	<u>1,000,000</u>	<u>1,066,691</u>	<u>(66,691)</u>
 Total expenditures	 <u>5,992,732</u>	 <u>6,021,451</u>	 <u>(28,719)</u>
 Excess of revenues over expenditures	 57,268	 461,118	 403,850
 Fund balance, beginning of year	 <u>830,445</u>	 <u>830,445</u>	 <u>-0-</u>
 Fund balance, end of year	 <u>\$ 887,713</u>	 <u>\$1,291,563</u>	 <u>\$ 403,850</u>

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Organization and Operations

The New Orleans Tourism Marketing Corporation (NOTMC) was organized January 1, 1990. The objectives and purposes of NOTMC are as follows:

- o To continuously stimulate the hospitality and tourism industry of the City of New Orleans through regional, national and international advertising and marketing of the City of New Orleans as a tourist and convention site and a vacation destination;
- o To stimulate economic development in the City of New Orleans through the marketing and solicitation of conventions and trade shows throughout the United States and the World; and
- o To advance, promote and maintain tourism and trade in the City of New Orleans through marketing activities directed at the discretionary tourist or traveler through advertising, direct mailing, or other means.

NOTMC is a component unit of the City of New Orleans. The general purpose financial statements of NOTMC are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

NOTMC is administered by a Board of Directors consisting of fifteen (15) members appointed as follows:

- o One (1) member appointed by the Mayor of the City of New Orleans;
- o Three (3) members appointed by the City Council from its members;

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

- o Three (3) members appointed from a list of six (6) nominees submitted by the New Orleans Metropolitan Convention and Visitors Bureau;
- o Four (4) members appointed from a list of eight (8) nominees submitted by the Greater New Orleans Hotel/Motel Association;
- o One (1) member appointed from a list of two (2) nominees submitted by the Greater New Orleans Black Tourism Network, Inc.;
- o One (1) member appointed from a list of two (2) nominees submitted by the Preservation Resource Center;
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans East Economic Development Foundation; and
- o One (1) member appointed from a list of two (2) nominees submitted by the New Orleans Chapter of the Louisiana Restaurant Association.

NOTMC commenced operation on May 1, 1991.

The accounting and reporting policies of **NOTMC** conform to generally accepted accounting principles as applicable to governmental bodies. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidance set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

The following is a summary of the significant accounting policies used by **NOTMC**:

A) Financial Reporting Entity

This report includes the general fund and account groups that are controlled by **NOTMC**. Control by **NOTMC** is determined on the basis of budget adoption and general oversight responsibility.

B) Fund Accounting

The accounts of **NOTMC** are organized on the basis of the general fund and account groups, each of which is considered a separate accounting entity. The operation of the general fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped, in the financial statements in this report, as follows:

Governmental Fund Type - General Fund

This is the fund through which most governmental functions typically are financed. The general fund is the general operating fund of **NOTMC**. It is used to account for all financial resources except those required to be accounted for in another fund.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

General Long-term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding balances of compensated absences and other long-term liabilities.

C) Basis of Accounting

All governmental fund type activity is accounted for using the modified accrual basis of accounting.

Under this method, revenues are recognized when they become measurable and available. Hotel tax collections are considered "measurable" when in the hands of the collecting agency and are recognized as revenue at that time. Anticipated collection fees related to such tax collections are recorded as reductions of revenue when they are measurable.

Expenditures are recognized and accounted for in the accounting period in which the liability is incurred, if measurable, except expenditures for other long-term obligations which are recognized when paid.

D) Budgetary Data

NOTMC follows these procedures in establishing the budgetary data reflected in these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

1. *NOTMC* is required to prepare an annual budget and submit it to the Board of Directors.
2. Upon review and completion of all action necessary to finalize the budget, it is then adopted by the Board of Directors prior to the commencement of the fiscal year to which the budget applies.
3. Budgetary amendments involving the transfer of funds from one program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Directors.
4. All budgetary appropriations lapse at the end of the fiscal year.
5. The budget for the general fund expenditures is prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Directors.

E) Cash

Cash includes amounts in demand deposits and interest-bearing time deposits. Under state law, *NOTMC* may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

F) Compensated Absences

NOTMC's liability for accumulated unpaid vacation of \$8,904 has been recorded in the general long-term debt account group.

G) Total Column on the Combined Balance Sheet

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. The data in this column does not present the financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H) Income Taxes

NOTMC is exempt from taxation under Section 527 of the Internal Revenue Code.

NOTE 2 - Cash:

NOTMC had cash totaling \$418,586 (book balances) at December 31, 1999, as follows:

Demand deposits	\$106,989
Time deposits	<u>311,597</u>
Total	<u>\$418,586</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash, Continued:

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, **NOTMC** has \$635,469 in deposits (collected bank balances). These deposits are secured from risk by \$302,000 of federal deposit insurance and \$82,585 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$250,884 is not secured by the pledge of security and is a credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by **NOTMC** that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - Funding of the New Orleans Tourism Marketing Corporation:

The funding of **NOTMC** consists of the following:

- A) Base Funding - Pursuant to New Orleans City Council Ordinance No. 18358, Base Funding for **NOTMC** shall be the amount of funds to be received from the City of New Orleans and/or other public or nonprofit entities, and/or private contributions.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Funding of the New Orleans Tourism Marketing Corporation, Continued:

For the year ended December 31, 1999, **NOTMC** received \$1,000,000 in Base Funding.

- B) Hotel Occupancy Privilege Tax - The Hotel Occupancy Privilege Tax (effective November 1, 1990) is levied upon persons for the privilege of occupying hotel rooms within Orleans Parish in the amount of fifty cents (\$0.50) per occupied hotel room per night for hotels containing from three (3) to two hundred ninety-nine (299) rooms and one dollar (\$1.00) per occupied hotel room per night for hotels containing three hundred (300) or more rooms.

Every hotel operator subject to this tax shall make reports on the previous month's business on or before the twentieth day of the following month to the City of New Orleans.

The imposition and collection of the Hotel Occupancy Privilege Tax shall be repealed and discontinued upon the occurrence of any of the following:

- o The disposition or liquidation of **NOTMC**; or
- o The specific decertification of **NOTMC** as a nonprofit economic development corporation by the New Orleans City Council.

For the year ended December 31, 1999, **NOTMC** received \$4,181,207 (net of collection fees of \$85,331) from the Hotel Occupancy Privilege Tax.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Funding of the New Orleans Tourism Marketing Corporation, Continued:

- C) According to the lease agreement among the City of New Orleans (the City) and the Rivergate Development Corporation and the Jazz Casino Company (the Casino), the Casino is required to make an annual contribution of \$1,000,000 to the destination marketing program of the City for the joint benefit of the City and the Casino in order to promote the City and the Casino as destinations.

The City has utilized **NOTMC** to conduct the destination marketing program on behalf of the City. As of December 31, 1999, **NOTMC** is due \$1,000,000 from the City for conducting tourism casino marketing in 1999. **NOTMC** has subsequently received \$1,000,000 from the City during February 2000.

NOTE 4 - Accounts Receivable:

Hotel Occupancy Privilege Taxes Receivable

Hotel Occupancy Taxes Receivable represent the amount of taxes collected by Hotel Operators during the month November 1999 and paid to the City of New Orleans in December 1999 of \$342,955. This amount was subsequently paid to the **NOTMC** during 2000.

NOTE 5 - Contributed Assets:

During the year ended December 31, 1991, **NOTMC** received donated assets with a fair market value of \$7,008. These items have been recorded in the General Fixed Asset Account Group.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Transactions with Outside Organizations:

Provision of Funding

NOTMC, under the provisions of its Tourism Promotion Program for 1999, provided funding to the following organizations:

o New Orleans Metropolitan Convention and Visitors Bureau	\$1,137,387
o New Orleans Multicultural Tourism Network, Inc.	<u>378,845</u>
	<u>\$1,516,232</u>

NOTE 7 - Changes in General Fixed Assets:

A summary of the changes in fixed assets is as follows:

<u>Description</u>	<u>January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 1999</u>
Furniture and equipment	<u>\$87,222</u>	<u>\$14,076</u>	<u>\$(15,357)</u>	<u>\$85,941</u>

NOTE 8 - Changes in General Long-Term Debt:

A summary of the changes in long-term debt is as follows:

<u>Description</u>	<u>January 1, 1999</u>	<u>Deletions</u>	<u>December 31, 1999</u>
Compensated absences	<u>\$31,802</u>	<u>\$(22,898)</u>	<u>\$8,904</u>

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Operating Lease:

NOTMC has an operating lease for office space. For this lease, **NOTMC** has, as of December 31, 1999, a contractual agreement requiring the following rental payments:

<u>Fiscal Year Ending</u> <u>December 31.</u>	<u>Facility</u>
2000	19,308
2001	19,308
2002	19,308
2003	9,654

Lease expense for the current year amounted to \$19,308.

NOTE 10 - Risk Management:

NOTMC is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **NOTMC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 11 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. **NOTMC** considers the carrying amounts of cash and accounts receivable to be fair value.

INDEPENDENT AUDITORS' 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 Directors of the
New Orleans Tourism Marketing Corporation
New Orleans, Louisiana

We have audited the general purpose financial statements of **New Orleans Tourism Marketing Corporation (NOTMC) (A Component Unit of the City of New Orleans)** as of and for the year ended December 31, 1999, and have issued our report thereon dated February 28, 2000. 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

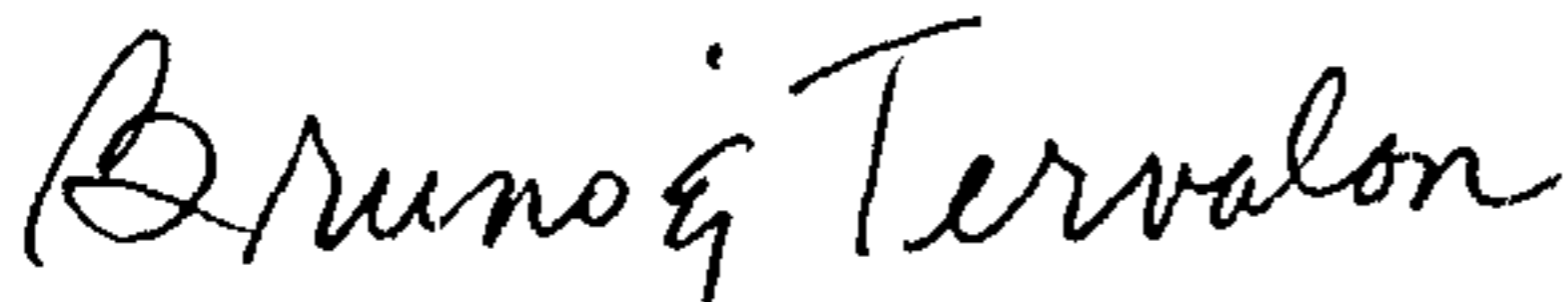
As part of obtaining reasonable assurance about whether NOTMC's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NOTMC'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of NOTMC in a separate letter dated February 28, 2000.

This report is intended solely for the use of management, the City of New Orleans and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2000

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

We have audited the general purpose financial statements of **New Orleans Tourism Marketing Corporation (a component unit of the City of New Orleans)** as of and for the year ended December 31, 1999, and have issued our report thereon dated February 28, 2000. 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. Our audit of the general purpose financial statements as of December 31, 1999 resulted in an unqualified opinion.

1. **Summary of Auditors' Results**

- A. Reportable conditions in internal control were disclosed by the audit of the financial statements: No Material weaknesses: No.
- B. Noncompliance which is material to the general purpose financial statements: No.
- C. Reportable conditions in internal control over major programs: N/A Material weaknesses: N/A.
- D. The type of report issued on compliance for major programs: N/A.
- E. Any audit findings which are required to be reported under section 501(a) of OMB Circular a-133: N/A.
- F. Major programs: N/A.
- G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1999

1. Summary of Auditors' Results, CONTINUED

I. A management letter was issued: Yes

2. Financial Statement Findings

No matters were reported.

3. Federal Award Findings and Questioned Costs

Not applicable.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
SCHEDULE OF PRIOR YEAR FINDINGS

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

No findings were reported.

Section II - Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

No findings were reported.

RECEIVED
LEADERSHIP AUDITOR
00 MAY 15 AM 9:17**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors of the
New Orleans Tourism Marketing Corporation
New Orleans, Louisiana

We have audited the financial statements of **New Orleans Tourism Marketing Corporation (NOTMC)** for the year ended December 31, 1999 and have issued our report thereon dated February 28, 2000.

In planning and performing our audit of the financial statements of **NOTMC** for the year ended December 31, 1999, we consider **NOTMC's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This comment that accompanies this letter summarizes our finding and recommendation regarding this matter. This letter does not affect our report dated February 28, 2000 on the financial statements of **NOTMC**.

NEW ORLEANS TOURISM MARKETING CORPORATION
CURRENT YEAR MANAGEMENT LETTER COMMENT

99-1 Security for Deposits

We noted during our 1999 audit that the cash (bank balance) in deposit accounts of a financial institution at December 31, 1999 exceeded the amount secured by federal deposit insurance by \$250,884.

Since bank deposits of **NOTMC** were not one hundred percent (100%) secured with federal deposit insurance plus pledged securities, **NOTMC** has not complied with Louisiana Revised Statute 39:1225, Security for Deposit; Amount of Security.

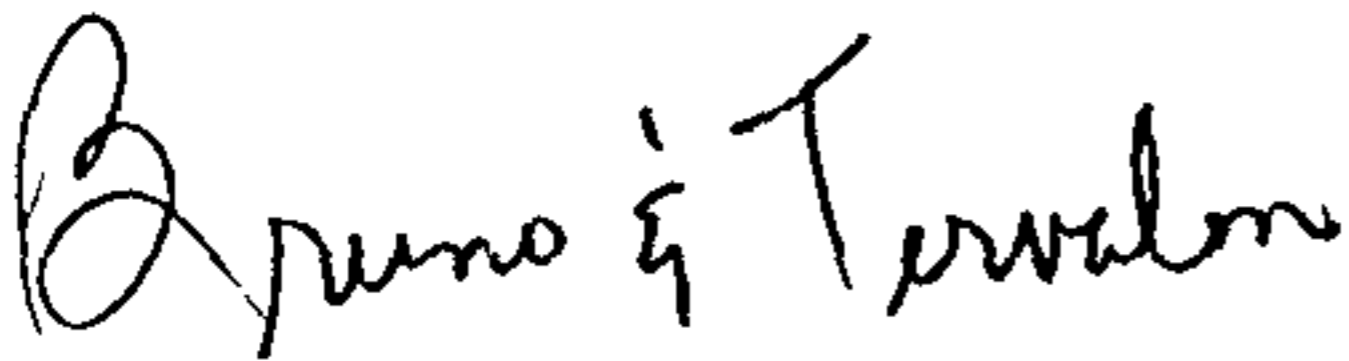
We recommend that **NOTMC** review its monitoring procedures to ensure that bank deposits in excess of federal deposit insurance limits are always secured with pledged securities in **NOTMC**'s name.

Management's Response

Management concurs with our comment and recommendation and has currently secured bank deposits in excess of federal deposit insurance limits with the pledge of securities as required by state statutes.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

This report is solely for the use of management, the City of New Orleans and the State of Louisiana, Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2000