

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

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

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 5.26.04

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

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 basic 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, 2003, as listed in the Table of Contents. These financial statements are the responsibility of NOTMC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

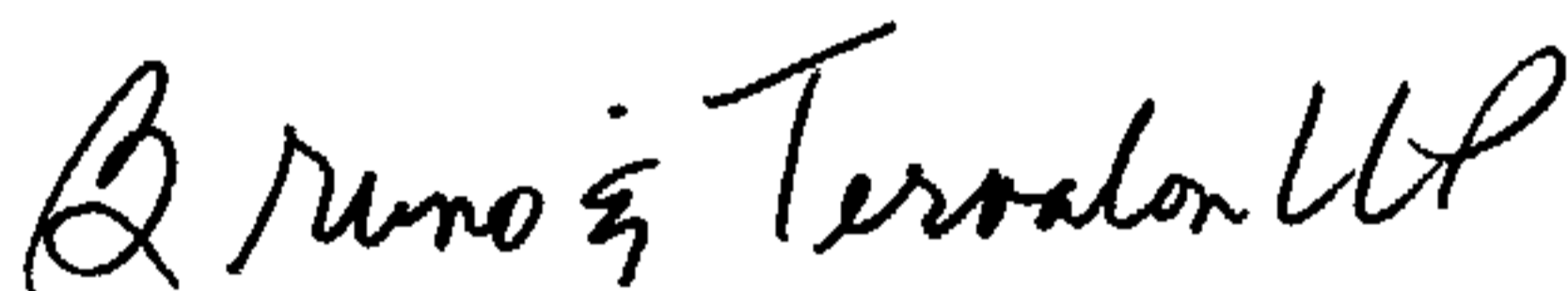
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **New Orleans Tourism Marketing Corporation**, as of December 31, 2003 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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 accordance with Government Auditing Standards, we have also issued our report dated March 1, 2004 on our consideration of NOTMC'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.

The management's discussion and analysis on pages 3 to 9 and budgetary comparison on page 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 1, 2004

**NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003**

New Orleans Tourism Marketing Corporation (NOTMC) is a component unit of the City of New Orleans. NOTMC's management discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of NOTMC's financial activity, and identify changes in NOTMC's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ending December 31, 2003.

This is the second year of GASB 34 implementation. As a result, this is the first year in which comparative financial reporting under this method will be presented in this section. The following is an illustration on how this financial report is presented.

MD&A

Management's Discussion and Analysis
(required and supplementary information)

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the financial statements

Other required Supplementary Information

Required supplementary information

NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements provide a perspective of NOTMC as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

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

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various NOTMC services.

Fund Financial Statements

The fund statements are similar to financial presentations of typical governmental agencies, but the focus is on NOTMC's major funds rather than fund types as in the past. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund type of NOTMC. The General Fund is used to account for the general activities of NOTMC. Its revenues are derived from hotel/motel taxes, RTA hotel taxes, City of New Orleans base funding, Casino lease, Casino hotel agreement and other sales revenues.

NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003

Financial Analysis of NOTMC as a whole

Summary Statement of Net Assets

	2003	2002	Change
Assets			
Current assets	\$6,063,241	\$5,353,105	\$ 710,136
Capital assets, net	62,156	64,148	(1,992)
Total assets	6,125,397	5,417,253	708,144
Liabilities			
Current liabilities	1,452,638	1,795,096	(342,458)
Long-term liabilities	19,442	15,845	3,597
Total liabilities	1,472,080	1,810,941	(338,861)
Net Assets			
Invested in capital assets	62,156	64,148	(1,992)
Unrestricted	4,591,161	3,542,164	1,048,997
Total net assets	\$4,653,317	\$3,606,312	\$1,047,005

As indicated by the statement above, total net assets are \$4,653,317, which represents a 29% increase over 2002. In 2003, total assets, which consist of 99% in current assets and 1% in capital assets, increased by 13% from \$5,417,253 to \$6,125,397.

Total liabilities decreased by \$342,458 or 19%. The overall decrease in total liabilities was due to the combination of a \$633,091 decrease in accounts payable and accrued expenses and a \$290,633 increase in the amounts due outside agencies.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$80,916, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$18,760.

The remaining \$4,591,161 in net assets is unrestricted. The unrestricted fund balance is an accumulation of prior years' operating results. This balance directly affects NOTMC's operating results each year.

NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003

Results of Operations

	<u>2003</u>	<u>2002</u>	<u>Change</u>
General Revenues			
Base Funding-City of New Orleans	\$1,000,000	\$1,000,000	\$ -0-
Hotel/Motel Taxes	4,497,710	4,478,550	19,160
RTA/Hotel Taxes	2,889,745	3,063,769	(174,024)
Casino/City Lease Agreement	1,000,000	1,000,000	-0-
Casino/Hotel Agreement	500,000	500,000	-0-
Other Revenue	621,851	644,860	(23,009)
Interest Income	<u>53,079</u>	<u>23,437</u>	<u>29,642</u>
Total General Revenues	<u>10,562,385</u>	<u>10,710,616</u>	<u>(148,231)</u>
Expenses			
Provisions of Funding to Outside Agencies	3,193,882	3,281,149	(87,267)
Special Events	211,061	240,425	(29,364)
Marketing	5,771,664	5,719,548	52,116
General & Administrative	323,963	309,794	14,169
Depreciation	<u>14,810</u>	<u>3,950</u>	<u>10,860</u>
Total Expenses	<u>9,515,380</u>	<u>9,554,866</u>	<u>(39,486)</u>
Increase in Net Assets	<u>\$1,047,005</u>	<u>\$1,155,750</u>	<u>\$(108,745)</u>

Changes in NOTMC's revenues are reflected in the table above. Total general revenues decreased by \$148,231 or about 1%, which is primarily due to a decrease in revenues from RTA/Hotel taxes. 2003 total expenses did not significantly change when compared to 2002. The above statement shows how the \$1,047,005 increase in net assets occurred for 2003.

A significant portion of general revenues is provided from hotel/motel taxes and RTA hotel taxes. Hotel/motel taxes and RTA hotel taxes totaled \$4,497,710 and \$2,889,745, respectively. See Note 4 to the financial statements for further discussions of the sources of NOTMC's revenues.

**NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Financial Analysis of the Governmental Fund

General Fund - The focus of NOTMC's is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NOTMC's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, NOTMC's general fund reported ending unreserved fund balance of \$4,610,603, an increase of \$1,052,594 in comparison to the prior year. Of the unreserved fund balance, the Board of Directors has designated the following for subsequent year's expenditure and other uses:

Purpose	Amount
Reserve for one year's administrative costs	\$ 772,768
Reserve for emergency marketing costs	500,000
Family TV and museum campaign expenditures	<u>460,000</u>
Total	<u>\$1,732,768</u>

The remainder of the unreserved fund balance is undesignated.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2003, NOTMC had \$80,916 invested in furniture and equipment.

Assets	2003	2002
Furniture and equipment	\$80,916	\$68,098
Less accumulated depreciation	<u>18,760</u>	<u>3,950</u>
Net capital assets	<u>\$62,156</u>	<u>\$64,148</u>

This is an increase in capital assets of \$12,818 over last year and includes the purchase of computer equipment and furniture. Depreciation expense for the year is \$14,810.

NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003

Economic Factors and Next Year's Budget

The major factor affecting the budget is the economy and its effect on the tourism industry. The NOTMC's budget is greatly affected by the amount of tax revenues received from the Hotel/Motel Occupancy Privilege Tax and RTA/Hotel Tax. The world climate relating to public safety and homeland security also influences the consumer's confidence in the travel industry. New Orleans has fared well during past times of economic crisis and NOTMC will continue to be conservative in its estimations in order to reduce any possible financial vulnerability.

Original vs. Revised Budget

As required by state law, the Board of Directors of NOTMC adopts the original budget of NOTMC prior to the commencement of the fiscal year to which the budget applies.

As a matter of practice, NOTMC amends its budget during the fiscal year. For the 2003 fiscal year, the budget was amended only one time on June 26, 2003. The General Fund amended budgets for revenues and expenditures were increased by 3% and 16%, respectively.

Revenue Budget

NOTMC's actual general fund revenues of \$10,562,385 were more than the budget by \$1,667,385, a variance of 19%. This variance was primarily created by the receipt of tax collections in excess of the budgeted amount.

General Fund Expenditures

As indicated below, NOTMC's actual general fund expenditures of \$9,509,791 were less than the revised budgeted by 5%.

Total expenditures revised budget	\$9,992,421
Total expenditures original budget	\$8,650,000
Total actual expenditures	\$9,509,791

**NEW ORLEANS TOURISM MARKETING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Some of the significant revised budget adjustments for the year include:

• Christmas Media	\$446,000
• Christmas Event	\$220,005
• Production	\$196,500
• Interactive Marketing	\$100,000

Contacting NOTMC Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of NOTMC's finances and demonstrate NOTMC's accountability for money it receives. If you have questions about this report or need additional information, contact Ms. Sandra S. Shilstone, President & CEO, New Orleans Tourism Marketing Corporation, 365 Canal Street, Suite 1120, New Orleans, LA. 70130.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Current Assets:	
Cash (NOTE 3)	\$4,207,327
Hotel/motel taxes receivable	780,858
RTA hotel taxes receivable	770,873
Base funding receivable	250,000
Other receivable	53,979
Other assets	<u>204</u>
Total current assets	<u>6,063,241</u>
Noncurrent Assets:	
Capital assets (NOTE 5)	80,916
Less accumulated depreciation	<u>(18,760)</u>
Total noncurrent assets	<u>62,156</u>
Total assets	<u>6,125,397</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable and accrued expenses	256,025
Due to outside agencies, net (NOTE 10)	<u>1,196,613</u>
Total current liabilities	<u>1,452,638</u>
Noncurrent liabilities:	
Compensated absences	<u>19,442</u>
Total liabilities	<u>1,472,080</u>
NET ASSETS	
Invested in capital assets	62,156
Unrestricted	<u>4,591,161</u>
Total net assets	<u>\$4,653,317</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>GOVERNMENTAL ACTIVITIES</u>
Expenses:	
Provision of funding to outside agencies (NOTE 6)	\$ 3,193,882
Special events	211,061
Agency and related fees	942,420
Christmas event	221,805
Summer/general media	1,162,391
Multicultural/Essence events	184,065
Production	706,229
Public relations	214,950
Research	113,309
Telemarketing	95,122
Christmas media	467,596
Interactive marketing	455,472
Summer convention	125,000
General and administrative	323,963
Fulfillment	174,112
Database marketing	15,200
Hospitality marketing participation	189,490
Summer family media	324,981
Summer/museums media	283,284
Marketing technologies	17,389
Promotions/festival support	78,849
Depreciation	<u>14,810</u>
Total	<u>9,515,380</u>
General Revenues:	
Base funding - City of New Orleans (NOTE 4)	1,000,000
Hotel/motel taxes (net of collection fees) (NOTE 4)	4,497,710
RTA hotel taxes (NOTE 4)	2,889,745
Casino City lease agreement (NOTE 4)	1,000,000
Casino hotel agreement (NOTE 4)	500,000
Other revenue (NOTE 4)	621,851
Interest income	<u>53,079</u>
Total general revenues	10,562,385
Change in net assets	1,047,005
Net assets, beginning of year	<u>3,606,312</u>
Net assets, end of year	<u>\$ 4,653,317</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2003

GENERAL FUND

ASSETS

Cash (NOTES 2(F) AND 3)	\$4,207,327
Hotel/motel taxes receivable	780,858
RTA hotel taxes receivable	770,873
Base funding receivable	250,000
Other receivables	53,979
Other assets	<u>204</u>
Total assets	<u>\$6,063,241</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable and accrued expenses	\$ 256,025
Due to outside agencies, net	<u>1,196,613</u>
Total liabilities	<u>1,452,638</u>
Fund Balance:	
Unreserved - designated (NOTE 11)	1,732,768
Unreserved - undesignated	<u>2,877,835</u>
Total fund balance	<u>4,610,603</u>
Total liabilities and fund balance	<u>\$6,063,241</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003

Total fund balance-Governmental Fund		\$4,610,603
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund (NOTE 5):

The cost of capital assets is	\$ 80,916	
Accumulated depreciation is	<u>(18,760)</u>	62,156

Long-term liabilities are not due and payable in the current period therefore are not reported in the fund:

Compensated absences		<u>(19,442)</u>
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Net assets of governmental activities		<u>\$4,653,317</u>
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The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE--GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUES

Base funding - City of New Orleans	\$ 1,000,000
Hotel/motel taxes (net of collection fees)	4,497,710
RTA hotel taxes	2,889,745
Casino City lease agreement	1,000,000
Casino hotel agreement	500,000
Other revenue	621,851
Interest income	<u>53,079</u>
Total revenues	<u>10,562,385</u>

EXPENDITURES

Provision of funding to outside agencies	3,193,882
Special events	211,061
Agency and related fees	942,420
Christmas event	221,805
Summer/general media	1,162,391
Multicultural/Essence events	184,065
Production	706,229
Public relations	214,950
Research	113,309
Telemarketing	95,122
Christmas media	467,596
Interactive marketing	455,472
Summer convention	125,000
General and administrative	333,184
Fulfillment	174,112
Database marketing	15,200
Hospitality marketing participation	189,490
Summer family media	324,981
Summer/museums media	283,284
Marketing technologies	17,389
Promotions/festival support	<u>78,849</u>
Total expenditures	<u>9,509,791</u>
Net change in fund balance	1,052,594
Fund balance, beginning of year	<u>3,558,009</u>
Fund balance, end of year	<u>\$4,610,603</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Total net change in fund balance - Governmental Fund	\$1,052,594
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Amounts reported for governmental activities in the
Statement of Activities are different because:

The Governmental Fund reported capital outlays as
expenditures whereas in the Statement of Activities,
these cost are depreciated over their estimated lives:

Depreciation expense	(14,810)
Capital outlays	12,818

Long-term compensated absences are reported in the
Government-Wide Statement of Activities, but they
do not require the use of current financial resources.
Therefore, compensated absences are not reported
as expenditures in the Governmental Fund

(3,597)

Change in net assets of governmental activities	<u>\$1,047,005</u>
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The accompanying notes are an integral part of these financial statements.

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

NOTE 1 - Organizations and Operations:

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 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 - Organization and Operations, 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 New Orleans Multicultural 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 accounting principles generally accepted in the United States of America as applicable to governmental bodies.

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

NOTE 2 - Summary of Significant Accounting Policies:

The following is a summary of the significant policies followed in the preparation of these financial statements.

A) Implementation of Governmental Accounting Standards Board Statements

During the fiscal year 2002, NOTMC adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2003, NOTMC had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

A) Implementation of Governmental Accounting Standards Board Statements, Continued

The Statement of Activities - demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

B) Reporting Entity

NOTMC is a component unit of the City of New Orleans, the reporting entity, as defined by the Governmental Accounting Standards Board pronouncement.

C) Funds

NOTMC uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain NOTMC functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of NOTMC is classified as governmental.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

C) Funds, Continued

The Governmental fund accounts for all of NOTMC's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of NOTMC. The following is NOTMC's governmental fund:

General Fund - the operating fund of NOTMC and it accounts for all financial resources: The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to NOTMC.

D) Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of NOTMC.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Measurement Focus/Basis of Accounting, Continued

Government-Wide Financial Statements (GWFS), Continued

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

D) Measurement Focus/Basis of Accounting, Continued

Fund Financial Statements (FFS), Continued

Fund financial statements report detailed information about **NOTMC**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At December 31, 2003, the general fund is the only major fund of **NOTMC**.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. **NOTMC** considers all revenues available if they are collected within 60 days after the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

E) Budgetary Data

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

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 accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Board of Directors.
6. The budget of the City of New Orleans' appropriations must be approved by the City of New Orleans.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

F) 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.

G) Compensated Absences

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from NOTMC employment. NOTMC is not obligated to pay for unused sick leave if an employee terminates prior to retirement.

NOTMC accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental fund is maintained separately and represents a reconciling item between the fund and government-wide presentation.

H) Income Taxes

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

I) Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. NOTMC maintains a threshold level of \$500 or more for capitalizing capital assets.

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

NOTE 2 - Summary of Significant Accounting Policies, Continued:

I) Capital Assets, Continued

Capital assets are recorded in the GWFS, but are not reported in the FFS. Furniture and equipment are depreciated using the straight-line method over three (3) to ten (10) years estimated useful lives.

J) Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - Cash:

NOTMC had cash in demand deposit accounts totaling \$4,207,327 (book balances) at December 31, 2003.

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.

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

NOTE 3 - Cash, Continued:

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, 2003, NOTMC has \$4,980,439 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$6,118,750 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category No. 3).

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation:

The major sources of revenue are base funding, hotel occupancy privilege tax, RTA hotel tax, casino funding and other revenue as discussed below:

- 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.

For the year ended December 31, 2003, 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.

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

NOTE 4 - Sources of Revenue of New Orleans Tourism Marketing Corporation,
Continued:

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, 2003, **NOTMC** earned \$4,589,500 (net of collection fees of \$91,790) from the Hotel Occupancy Privilege Tax.

- C) RTA Hotel Tax - As provided by the agreement for services and cooperative economic endeavor by and between the Regional Transit Authority (RTA) and **NOTMC**, **NOTMC** shall receive a sum of 40% of the first \$7,200,000 of the RTA's 1% general sales and use taxes, applied to hotels in Orleans Parish, actually received by the RTA each calendar year not to exceed \$2,880,000.

In consideration of the payments to be made by the RTA to **NOTMC**, **NOTMC** shall perform the following marketing services:

- Promote the use of the RTA's transit services to tourist or business travelers;
- Consult with the RTA regarding information or promotion of the RTA's transportation services available to tourist or business travelers;

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

NOTE 4 - Sources of New Orleans Tourism Marketing Corporation, Continued:

- Assist the RTA and other agencies to secure funding for existing and proposed streetcar and lightrail projects; and
- Provide funding, not to exceed 3.45% of the RTA hotel tax received from the RTA, to the Mayor's Office of Tourism and Arts who shall make all reasonable efforts to use such funds to feature or enhance tourism, public transportation and other goals and objectives of the agreement.

Additionally, **NOTMC** shall allocate and dedicate 50% of the RTA hotel tax received from RTA to the Morial Convention Center Expansion Transit Fund (the Transit Fund). The funds paid to the Transit Fund and related earnings must be used for the benefit of the Phase IV Convention Center expansion project administered by the Ernest N. Morial New Orleans Exhibition Hall Authority.

- D) Casino City Lease Agreement - 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.
- E) Casino Hotel Agreement - In April of 2001, the Casino has agreed to make payments, annually, for a five year period for additional marketing monies to be dedicated to **NOTMC** to market the entire City. These annual payments are in addition to the above amounts required by the lease agreement.

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

NOTE 4 - Sources of New Orleans Tourism Marketing Corporation, Continued:

F) Other Revenue - Other revenue includes sales of advertising and discount coupons placed in tourism guides produced by NOTMC, sales of co-sponsored and shared advertising placed by NOTMC in national print media and sales of advertising and linking services on NOTMC's Internet web site.

NOTE 5 - Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2003 is as follows:

<u>Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture and equipment	\$68,098	\$ 12,818	\$-0-	\$ 80,916
<u>Accumulated Depreciation</u>				
Furniture and equipment	(3,950)	(14,810)	-0-	(18,760)
Net capital assets	<u>\$64,148</u>	<u>\$ (1,992)</u>	<u>\$ -0-</u>	<u>\$ 62,156</u>

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

According to the Council of the City of New Orleans' Ordinance (Council Ordinance) to adopt NOTMC's Tourism Promotion Program for 2003 and as provided by the RTA Hotel Tax Agreement, NOTMC provided funding to the following organizations.

	<u>RTA Hotel Tax Agreement</u>	<u>Council Ordinance</u>	<u>Total</u>
New Orleans Metropolitan Convention and Visitors Bureau	\$ -0-	\$1,236,985	\$1,236,985
New Orleans Multicultural Tourism Network, Inc.	-0-	412,328	412,328
Ernest N. Morial New Orleans Exhibition Hall Authority	1,444,873	-0-	1,444,873
Mayor's Office of Tourism and Arts	<u>99,696</u>	<u>-0-</u>	<u>99,696</u>
	<u>\$1,544,569</u>	<u>\$1,649,313</u>	<u>\$3,193,882</u>

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

NOTE 7 - Operating Lease:

NOTMC has an operating lease for office space. For this lease, NOTMC has, as of December 31, 2003, a contractual agreement requiring the following rental payments:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Facility</u>
2004	\$ 46,545
2005	47,348
2006	48,150
2007	48,952
2008	49,755
2009 and thereafter	<u>74,633</u>
Total	<u>\$315,383</u>

Lease expense for the current year amounted to \$47,876.

NOTE 8 - 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 9 - 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 receivables to be fair value.

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

NOTE 10- Due to Outside Agencies, Net:

At December 31, 2003, the net amount due to outside agencies is as follows:

	Amount Due To At December 31, <u>2002</u>	Provision Of Funding Expenditure At December 31, <u>2003</u>	Payments Made To Outside Agencies At December 31, <u>2003</u>	Total Net Amount Due To At December 31, <u>2003</u>
Ernest N. Morial New Orleans Exhibition Hall Authority	\$618,852	\$1,444,873	\$(1,409,985)	\$ 653,740
Mayor's Office of Tourism and Arts	35,081	99,696	(114,284)	20,493
New Orleans Metropolitan Convention and Visitors Bureau	189,036	1,236,985	(942,671)	483,350
New Orleans Multicultural Tourism Network, Inc.	<u>63,011</u>	<u>412,328</u>	<u>(436,309)</u>	<u>39,030</u>
Total	<u>\$905,980</u>	<u>\$3,193,882</u>	<u>\$(2,903,249)</u>	<u>\$1,196,613</u>

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

NOTE 11 - Fund Balance Designations:

Unreserved - Designated Fund Balance

The fund balance designations totaling \$1,732,768 represents \$772,768 reserved for one year of estimated administrative costs, \$500,000 reserved for emergency marketing costs and \$460,000 set aside for the Family TV and Museum campaign.

SUPPLEMENTARY INFORMATION

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Component Unit of the City of New Orleans)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Base funding - City of New Orleans	\$1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -0-
Hotel/Motel taxes (net of collection fees)	3,600,000	3,600,000	4,497,710	897,710
RTA hotel taxes	2,550,000	2,550,000	2,889,745	339,745
Casino City lease agreement	1,000,000	1,000,000	1,000,000	-0-
Casino hotel agreement	500,000	500,000	500,000	-0-
Family partners	-0-	100,000	100,000	-0-
Museum partners	-0-	145,000	138,000	(7,000)
Other revenue	-0-	-0-	383,851	383,851
Interest income	-0-	-0-	53,079	53,079
Total revenues	<u>8,650,000</u>	<u>8,895,000</u>	<u>10,562,385</u>	<u>1,667,385</u>
<u>EXPENDITURES</u>				
Provision of funding to outside agencies	2,742,975	2,742,975	3,193,882	(450,907)
Special events	230,000	263,503	211,061	52,442
Agency and related fees	924,800	953,300	942,420	10,880
Christmas event	-0-	220,205	221,805	(1,600)
Summer/general media	1,250,000	1,154,500	1,162,391	(7,891)
Multicultural/essence events	190,000	190,000	184,065	5,935
Production	536,000	732,500	706,229	26,271
Public relations	375,000	389,513	214,950	174,563
Research	175,000	175,000	113,309	61,691
Telemarketing	175,000	175,000	95,122	79,878
Christmas media	-0-	446,000	467,596	(21,596)
Interactive marketing	650,500	750,500	455,472	295,028
Summer convention	125,000	125,000	125,000	-0-
General and administrative	364,351	404,051	333,184	70,867
Fulfillment	240,000	240,000	174,112	65,888
Database marketing	49,598	49,598	15,200	34,398
Hospitality marketing participation	258,000	258,000	189,490	68,510
Summer family media	262,500	326,000	324,981	1,019
Summer/museums media	-0-	295,500	283,284	12,216
Marketing technologies	20,000	20,000	17,389	2,611
Promotions/festival support	81,276	81,276	78,849	2,427
Total expenditures	<u>8,650,000</u>	<u>9,992,421</u>	<u>9,509,791</u>	<u>482,630</u>
Net change in fund balance	-0-	(1,097,421)	1,052,594	2,150,015
Fund balance, beginning of year	<u>3,558,009</u>	<u>3,558,009</u>	<u>3,558,009</u>	<u>-0-</u>
Fund balance, end of year	<u>\$3,558,009</u>	<u>\$ 2,460,588</u>	<u>\$ 4,610,603</u>	<u>\$2,150,015</u>

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**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
(A Component Unit of the City of New Orleans)
New Orleans, Louisiana

We have audited the 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, 2003, and have issued our report thereon dated March 1, 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 **NOTMC's** 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.

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 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.

This report is intended solely for the use of the Board of Directors, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 1, 2004

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, 2003

We have audited the 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, 2003, and have issued our report thereon dated March 1, 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. Our audit of the financial statements as of December 31, 2003 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: None Reported Material weaknesses: No.
- B. Noncompliance which is material to the 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, 2003

1. **Summary of Auditors' Results, Continued**

I. A management letter was issued: No

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

We recommended that NOTMC monitor its budget on a regular basis to ensure that actual revenues, expenditures and beginning fund balance budget variances are always within the legal limits for budgeting controls.

Current Status

Resolved.