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NEW ORLEANS TOURISM MARKETING CORPORATION
(A Special Revenue Fund of the City of New Orleans)

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Release Date: 8-18-96

FINANCIAL AND COMPLIANCE AUDIT
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1995

Bruno
& Tervalon
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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

We have audited the general purpose financial statements of New Orleans Tourism Marketing Corporation (NOTMC) for the year ended December 31, 1995 and have issued our report thereon dated March 15, 1996.

In planning and performing our audit of the general purpose financial statements of NOTMC, we considered its internal control structure 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 structure.

In accordance with Government Auditing Standards, as part of our audit, we are required to report to you reportable conditions and material weaknesses. A reportable condition is a significant deficiency in internal controls. A material weakness is a more serious reportable condition that is of such magnitude that it could potentially result in a material misstatement of the financial statements. By definition, all material weaknesses are reportable conditions. Not all reportable conditions, however, are material weaknesses. Reportable conditions which we noted during our audit are presented in the independent auditors' report on internal control structure based on an audit of general purpose financial statements performed in accordance with Government Auditing Standards.

The status of comments from our prior year letter to you is included in the accompanying status of prior year comments.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

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

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

March 15, 1999

NEW ORLEANS TOURISM MARKETING CORPORATION
STATUS OF PRIOR YEAR COMMENTS

FIXED ASSET INVENTORY

We noted during our audit that a physical fixed asset inventory has never been taken.

We recommend that physical inventories be taken periodically to provide support for the amounts of general fixed assets reported in the financial statements.

CURRENT STATUS

During the 1995 audit we noted that NOTMC had performed a 1993 physical inventory. However, the results of the physical inventory did not provide support for the amounts of general fixed assets reported in the financial statements nor did the inventory indicate the need for adjustments of amounts of general fixed assets.

We recommend that when physical inventories are scheduled NOTMC implement procedures to ensure that amounts reported in the general fixed asset account group are properly supported or adjusted as required.

CAPITALIZATION POLICIES

During our audit of fixed assets we noted that NOTMC does not have written policies for identifying capital expenditures.

We recommend that NOTMC establish written capitalization policies to identify expenditures costing \$100.00 or more with a life expectancy of one (1) year or more to be capitalized in the general fixed account group.

CURRENT STATUS

We noted during our 1995 audit that NOTMC had established capitalization policies for identifying capital expenditures as recommended in the 1994 audit.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Orleans Tourism Marketing Corporation
(A Special Revenue Fund 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 (NOTMCO) (A Special Revenue Fund of the City of New Orleans) as of December 31, 1998 and for the year then ended as listed in the Table of Contents. These general purpose financial statements are the responsibility of NOTMCO'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. These standards require that we plan and perform the audit to obtain reasonable assurance about material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in NOTE 1, the 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.

In accordance with Government Auditing Standards, we have also issued a report dated March 19, 1999 on our consideration of NOTMCO's internal control structure and a report dated March 19, 1999 on its compliance with laws and regulations.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
New Orleans Tourism Marketing Corporation
(A Special Revenue Fund of the City of New Orleans)
New Orleans, Louisiana
Page 2

In our opinion, the accompanying general purpose financial statements referred to previously present fairly, in all material respects, the financial position of the New Orleans Tourism Marketing Corporation (A Special Revenue Fund of the City of New Orleans) as of December 31, 1995, and the results of operations, arising from the City's appropriations, for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

March 15, 1996

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Purpose Fund of the City of New Orleans)
COMBINED BALANCE SHEET—ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1995

	General Fund	General Fixed Assets	General Long-Term Debt	Total Restricted Only
ASSETS				
Cash (NOTE 2)	\$ 177,280	\$ -	\$ -	\$ 177,280
Receivable (Notes receivable) (NOTE 4)	49,497	-	-	49,497
Other receivables	34,898	-	-	34,898
Prepaid expenses	41,238	-	-	41,238
Furniture, fixtures and equipment (NOTE 7)	-	68,654	-	68,654
Amount to be provided from general government revenues	-	-	1,267	1,267
Total assets	\$ 302,913	\$68,654	\$ 1,267	\$ 372,834
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 494,524	\$ -	\$ -	\$ 494,524
Compensated absences (NOTES 3 and 4)	-	-	1,049	1,049
Capital lease payable (NOTE 6)	-	-	1,334	1,334
Total liabilities	494,524	-	2,383	605,907
Fund Equity:				
Restricted assets (NOTE 4)	-	1,000	-	1,000
Included in general fixed assets	-	67,654	-	67,654
Fund Misappropriations:				
Included for payment of current obligations	293,400	-	-	293,400
Reimposed	68,654	-	-	68,654
Total fund equity	340,054	68,654	-	408,708
Total liabilities and fund equity	\$ 834,578	\$68,654	\$ 2,383	\$ 905,615

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION
 (A Special Revenue Fund 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

Fund funding - city of New Orleans (NOTE 3)	\$1,000,000
Hotel/Motel taxes (net of collection fees) (NOTE 3)	3,175,319
Interest income	27,833
Other	12,886
Total revenues	4,415,938

EXPENDITURES

Provision of funding to outside agencies (NOTE 4)	3,185,000
Special events	226,703
Christmas media	181,003
Christmas production	28,793
International	43,244
National media	237,037
National production	21,650
Summer media	540,480
Summer production	70,214
Other production	25,930
Public relations	154,924
Research	144,078
Fulfillment	2,532
Telemarketing	203,893
Marketing agency fees	455,486
Interactive marketing	127,818
Special summer convention	125,000
General and administrative	264,734
Good Time Guide	332,374
Festival support	27,304
Other marketing expenses	35,316
Total expenditures	4,572,798
Deficiency of revenues over expenditures	(156,771)
Fund balance, beginning of year	824,102
Fund balance, end of year	\$ 667,331

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund of the City of New Orleans)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET
 (PLAN BUDGET) AND ACTUAL—GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Base funding - City of New Orleans	\$1,000,000	\$1,000,000	\$ -
Total/Netal taxes (net of collection fees)	1,400,000	1,375,137	(24,863)
Interest income	0	21,832	21,832
Other	0	11,088	11,088
Total revenues	1,400,000	1,417,127	17,127
EXPENDITURES			
Provision of funding to outside agencies	1,195,000	1,195,000	0
Special events	244,790	226,703	18,087
Christmas media	200,000	191,061	8,939
Christmas production	35,000	18,791	16,209
International	41,449	42,144	(695)
National media	250,000	207,007	42,993
National production	20,000	11,490	8,510
Summer media	900,000	860,490	39,510
Summer production	100,000	78,184	21,816
Other production	10,000	26,884	(16,884)
Public relations	200,000	184,624	15,376
Research	150,000	164,878	(14,878)
Salvage	5,000	2,552	2,448
Telemarketing	150,000	203,895	(53,895)
Marketing agency fees	404,499	455,646	(51,147)
Interactive marketing	100,450	133,818	(33,368)
Special summer convention	120,000	120,000	0
General and administrative	264,870	264,738	1,132
Good Time Guide	200,000	202,571	(2,571)
Festival support	47,500	27,000	20,500
Other marketing expenses	40,000	25,704	14,296
Total expenditures	1,410,000	1,471,709	(61,709)
Excess (Deficiency) of revenues over expenditures	(40,000)	(54,582)	14,582
Fund balance, beginning of year	1,000,000	1,000,000	0
Fund balance, end of year	1,000,000	1,000,000	0

The accompanying notes are an integral part of this statement.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Special Revenue Fund of the City of New Orleans)
NOTICE 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 special revenue fund of the City of New Orleans. The 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;
- 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;

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund of the City of New Orleans)

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

- 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, 1993.

The accounting and reporting policies of the New Orleans Tourism Marketing Corporation 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.

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 the NOTMC is determined on the basis of budget adoption and general oversight responsibility.

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund of the City of New Orleans)

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

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.

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.

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

NOTE 1 - Summary of Significant Accounting Policies, Continued:

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.

03 Budgetary Data

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

1. MOHAC 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.

NEW ORLEANS TOURISM MARKETING CORPORATION
(A Special Revenue Fund of the City of New Orleans)
NOTE TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

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.

F. Compensated Absences

NOTMC's liability for accumulated unpaid vacation of \$2,045 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 517 of the Internal Revenue Code.

NOTE 2 - Cash

NOTMC had cash totaling \$743,288 (book balances) at December 31, 1995, as follows:

Demand deposits	\$ 51,000
Time deposits	692,288
Total	<u>\$743,288</u>

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund 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 heading or custodial bank that is mutually acceptable to both parties. At December 31, 1995, NOTMC has \$481,563 in deposits (collected bank balances). These deposits are assured from risk by \$160,000 of federal deposit insurance and \$609,884 of pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).

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 the NOTMC consists of the following:

- A) Base Funding - Pursuant to New Orleans City Council Ordinance No. 14138, Base Funding for the 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.

The Base Funding is to be paid to the NOTMC as follows:

- a) Fifty percent (50%) of the amount of Base Funding for the current fiscal year is to be paid during the month of April;

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

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

- a The balance of the base funding shall be paid in equal amounts during the months of July and September.

For the year ended December 31, 1990, the NOTMC received its base funding \$1,600,000.

- 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 (\$.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:

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

For the year ended December 31, 1990, the NOTMC received \$3,375,337 (net of collection fees of \$48,684) from the Hotel Occupancy Privilege Tax.

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

NOTE 4 - Accounts Receivable:

Hotel Occupancy Privilege Taxes Receivable

Hotel Occupancy Taxes Receivable represent the amount of taxes collected by Hotel operators during the months October and November 1985 and paid to the City of New Orleans in November and December 1985 of \$455,497. This amount was subsequently paid to the NOTMC during 1986.

NOTE 5 - Contributed Assets:

During the year ended December 31, 1985, NOTMC received donated assets with a fair market value of \$7,000. These items have been recorded in the General Fixed Asset Account Group.

NOTE 6 - Transactions with Outside Organizations:

A) Provision of Funding

The NOTMC, under the provisions of its Tourism Promotion Program for 1985, provided funding to the following organizations:

o New Orleans Metropolitan Convention and Visitors Bureau	\$1,066,300
o The Greater New Orleans Black Tourism Network	348,750
	<u>\$1,415,050</u>

NOTE 7 - Changes in General Fixed Assets:

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

Description	January 1, 1985	Additions	December 31, 1985
Furniture and equipment	546,183	422,509	968,692

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund of the City of New Orleans)
 NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Changes in General Long-Term Debt:

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

Description	January 1, 1995	Additions	Retirements	December 31, 1995
Compensated absences	\$1,899	\$,000	\$,000	\$2,899
Capital lease	\$1,899	\$,000	\$2,899	\$1,000

NOTE 9 - Operating Leases:

NOTMC has operating leases for office space and office equipment. For these leases, NOTMC has, as of December 31, 1995, contractual agreements requiring the following rental payments:

Fiscal Year Ending December 31,	Facility and Equipment
1996	\$18,773
1997	18,773
1998	3,000

Lease expense for the current year amounted to \$18,773.

NOTE 10 - Capital Leases:

NOTMC has entered into a lease agreement as lessee for financing the acquisition of a copy machine. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

NEW ORLEANS TOURISM MARKETING CORPORATION

(A Special Revenue Fund of the City of New Orleans)
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Capital Leases, Continued:

Future minimum payments under the capitalized leases consist of the following at December 31, 1988:

<u>For the Year Ending</u> <u>December 31, 1988</u>	General Long-term debt
Total minimum payments	\$1,441
Less amounts representing interest	(217)
Capital Lease payable	\$1,224

NOTE 11 - Related Party Transactions:

During the 1988 fiscal year, **NOTMCO** incurred costs relating to computer services and purchases from a board member, who was the low bidder on computer equipment. The total amount of such costs during the year totaled \$9,702.

Bruno & Tervalon

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.

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

We have audited the general purpose financial statements of the New Orleans Tourism Marketing Corporation (NOTMC) as of December 31, 1995 and for the year then ended, and have issued our report thereon dated March 15, 1996.

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

The management of the NOTMC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN LIMIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

In planning and performing our audit of the general purpose financial statements of NOWPO for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, 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 internal general purpose financial statements. See accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the accompanying Schedule of Reportable Conditions is a material weakness.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the use of management, the City of New Orleans and the State of Louisiana, Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by the NOTMC, the City of New Orleans and the State of Louisiana, Legislative Auditor is a matter of public record.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

March 15, 1994

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the New Orleans Tourism Marketing Corporation (NOTMC) as of December 31, 1995 and for the year then ended, and have issued our report thereon dated March 15, 1996.

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

Compliance with laws and regulations applicable to the New Orleans Tourism Marketing Corporation is the responsibility of NOTMC's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the NOTMC's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the use of management, the City of New Orleans and the State of Louisiana, Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by **MOFAC** and the State of Louisiana, Legislative Auditor is a matter of public record.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

March 10, 2000

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

NEW ORLEANS TOURISM MARKETING CORPORATION
SCHEDULE OF REPORTABLE CONDITIONS

BANK RECONCILIATIONS

We noted during our audit that bank reconciliations were not timely performed.

In order to ensure that cash balances are correctly recorded in the general ledger, we recommend that bank reconciliations be performed on a monthly basis. As such, internal controls over cash are strengthened.

JOURNAL ENTRIES

We noted during our audit that journal entries posted to the financial records were not routinely supported with documentation.

We recommend that **SONIC** immediately implement procedures to ensure that all journal entries are properly supported with documentation.

VOID CHECKS

We noted during our cash testwork that several void checks were not properly mutilated.

We recommend that void checks be appropriately mutilated to prevent use of such checks.