

**ST. TAMMANY PARISH TOURIST AND
CONVENTION COMMISSION
ST. TAMMANY PARISH, LOUISIANA**

May 31, 2004

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 11-17-04

ANNUAL FINANCIAL STATEMENTS

May 31, 2004

**ST. TAMMANY PARISH TOURIST AND
CONVENTION COMMISSION
ST. TAMMANY PARISH, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
May 31, 2004**

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To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission
St. Tammany Parish, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION** (the Commission), a component unit of the St. Tammany Parish Government, as of and for the year ended May 31, 2004. These financial statements are the responsibility of the Commission'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 *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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION** as of May 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued a report dated September 3, 2004, on our consideration of the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION'S** internal control over financial reporting and on our tests of its compliance with 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.

As described in Note A, the St. Tammany Parish Tourist and Convention Commission adopted, as of June 1, 2003, the provisions of Governmental Accounting Standards Board Statement No. 34, *Financial Statements – and Management's Discussion and Analysis- For State and Local Governments*; Statement No. 37 *Financial Statements – and Management's Discussion and Analysis- For State and Local Governments*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

Management's Discussion and Analysis beginning on page 4 and the budgetary comparison schedule identified as Schedule 1 and 2 are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily 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.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents under Supplemental Information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



A Professional Accounting Corporation

September 3, 2004

REQUIRED SUPPLEMENTAL INFORMATION (PART 1)

**ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA**

**Management's Discussion and Analysis
For the Year Ended May 31, 2004**

As management of the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION** (Commission), we offer this narrative overview and analysis of the Commission's financial activities for the fiscal year ended May 31, 2004. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999. As this is the first year that the Commission has implemented this model, certain comparative information with the previous year, which is by design included in this reporting model, will not be included in the analysis as permitted by GASB Statement No. 34 with respect to first year reporting.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 8 and 9 provide information about the activities of the Commission as a whole. Fund financial statements begin on page 11. These statements tell how these services were financed in the short-term as well as what remains for future spending. The Commission is a component unit of the St. Tammany Parish Council. Its operations are conducted through the general fund. A special revenue fund is used to account for a portion of the state sales taxes designated for the use of performing arts/events centers.

A summary of the basic government-wide financial statements is as follows:

STATEMENT OF NET ASSETS SUMMARY

ASSETS:	
Cash and Cash Equivalents	\$ 76,202
Investments	393,259
Receivables (Taxes)	340,047
Capital Assets (Net of Accumulated Depreciation)	<u>632,935</u>
 Total Assets	 1,442,443
 LIABILITIES:	
Accounts Payable	94,954
Accrued Liabilities	585
Compensated Absences	<u>8,999</u>
 Net Assets	 <u>\$ 1,337,905</u>

**ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA**

**Management's Discussion and Analysis
For the Year Ended May 31, 2004**

NET ASSETS:

Invested in Capital Assets,	\$ 632,935
Unrestricted, Reported in General Fund	600,472
Special Revenue Fund	<u>104,498</u>
Net Assets	<u>\$ 1,337,905</u>

STATEMENT OF ACTIVITIES SUMMARY

REVENUES:

General Revenues	
Sales Taxes	
Local Collections	\$ 638,164
State Appropriation	643,918
Interest Income	<u>5,491</u>
Total General Revenues	<u>1,287,573</u>

EXPENSES:

Promotion of Tourism	1,122,015
Event Centers	<u>145,000</u>
Total Expenses	<u>1,267,015</u>
Change in Net Assets	<u>\$ 20,558</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual General Fund and Special Revenue Fund revenues exceeded the budgeted amount by \$25,100. This budget overage was primarily attributable to an increase in gross hotel sales. The General Fund actual expenditures were less than budgeted by \$35,615. This budget variance was primarily caused by a delay of the development and production of a new St. Tammany Parish Tourist Commission Visitor Magazine.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission has authority to levy 3% hotel occupancy tax. This tax could be increased to 4% with the approval of the Legislature. An increase in the tax is not anticipated for 2005. The St. Tammany Parish Tourist Commission Visitor Magazine project will be completed in the year ending May 31, 2005. If budgetary shortages occur due to this continuing project, the current adopted budget will be amended in a timely manner.

**ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA**

**Management's Discussion and Analysis
For the Year Ended May 31, 2004**

CAPITAL ASSETS

During the year ended June 30, 2004, net capital assets increased by \$3,464, which included additions of \$45,943 and depreciation of \$42,479.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Wm. Hyatt Hood, Executive Director, 68099 Hwy. 59, Mandeville, Louisiana 70471.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement A

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
STATEMENT OF NET ASSETS
 May 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 76,202
Investments	393,259
Receivables - Taxes	340,047
Capital Assets, Net	<u>632,935</u>
Total Assets	<u>1,442,443</u>
LIABILITIES	
Accounts Payable	94,954
Accrued Liabilities	585
Compensated Absences	<u>8,999</u>
Total Liabilities	<u>104,538</u>
NET ASSETS	
Invested in Capital Assets	632,935
Unrestricted, Reported in General Fund	600,472
Special Revenue Fund	<u>104,498</u>
Total Net Assets	<u>\$ 1,337,905</u>

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

Statement B

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
STATEMENT OF ACTIVITIES
For The Year Ended May 31, 2004

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES		
Promotion of Tourism	\$ 1,122,015	\$ (1,122,015)
Events Centers	<u>145,000</u>	<u>(145,000)</u>
Total Governmental Activities	<u>1,267,015</u>	<u>(1,267,015)</u>
General Revenues		
Sales Taxes		
Local Collections		638,164
State Appropriation		643,918
Interest income		<u>5,491</u>
Total General Revenues		<u>1,287,573</u>
CHANGE IN NET ASSETS		20,558
NET ASSETS - BEGINNING OF YEAR		<u>1,317,347</u>
NET ASSETS - END OF YEAR		<u>\$ 1,337,905</u>

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

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
May 31, 2004

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 76,202	\$ -	\$ 76,202
Investments	392,809	450	393,259
Receivables - Taxes	269,120	70,927	340,047
Due from Other Funds	<u>-</u>	<u>33,121</u>	<u>33,121</u>
 Total Assets	 <u>\$ 738,131</u>	 <u>\$ 104,498</u>	 <u>\$ 842,629</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 94,954	\$ -	\$ 94,954
Accrued Liabilities	585	-	585
Due to Other Funds	<u>33,121</u>	<u>-</u>	<u>33,121</u>
 Total Liabilities	 <u>128,660</u>	 <u>-</u>	 <u>128,660</u>
 FUND BALANCE			
Unreserved, Reported in:			
General Fund	609,471	-	609,471
Special Revenue Fund	<u>-</u>	<u>104,498</u>	<u>104,498</u>
 Total Fund Balances	 <u>609,471</u>	 <u>104,498</u>	 <u>713,969</u>
 Total Liabilities and Fund Balances	 <u>\$ 738,131</u>	 <u>\$ 104,498</u>	 <u>\$ 842,629</u>

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

Statement D

**ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS
For The Year Ended May 31, 2004**

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund Balances - Total Governmental Funds \$ 713,969

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

Governmental Capital Assets 927,438
Less: Accumulated Depreciation (294,503)

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the governmental funds.

Compensated Absences (8,999)

Net Assets of Governmental Activities \$ 1,337,905

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

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended May 31, 2004

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Sales Taxes			
Local Collections	\$ 638,164	\$ -	\$ 638,164
State Appropriation	482,929	160,989	643,918
Interest Income	<u>4,508</u>	<u>983</u>	<u>5,491</u>
Total Revenues	<u>1,125,601</u>	<u>161,972</u>	<u>1,287,573</u>
EXPENDITURES			
Current:			
Personnel			
Salaries	406,841	-	406,841
Payroll Taxes and Fringe Benefits	96,615	-	96,615
Marketing and Promotion			
Advertising	180,573	-	180,573
Auto Expenses	11,867	-	11,867
Brochures	49,016	-	49,016
Cooperative Advertising and Promotion	56,835	-	56,835
Dues and Subscriptions	16,270	-	16,270
Film Services	1,824	-	1,824
Postage and Shipping	18,020	-	18,020
Promotional Merchandise	26,005	-	26,005
Research and Development	3,141	-	3,141
Special Promotions	5,255	-	5,255
Tammany Trace	30,000	-	30,000
Telephone	18,775	-	18,775
Trade Shows	4,132	-	4,132
Training and Education	20,384	-	20,384
Travel	53,501	-	53,501
Uniforms	869	-	869
General and Administrative			
Capital Expense	16,623	-	16,623
Equipment Rental	9,479	-	9,479
Insurance	20,087	-	20,087
Office Supplies	31,379	-	31,379
Official Notice Publication	1,633	-	1,633
Professional Fees	27,074	-	27,074
Repairs and Maintenance	31,399	-	31,399
Utilities	14,200	-	14,200
Performing Arts and/or Convention Centers	<u>-</u>	<u>145,000</u>	<u>145,000</u>
Total Expenditures	<u>1,151,797</u>	<u>145,000</u>	<u>1,296,797</u>
NET CHANGE IN FUND BALANCE	(26,196)	16,972	(9,224)
FUND BALANCE - BEGINNING OF YEAR	<u>635,667</u>	<u>87,526</u>	<u>723,193</u>
FUND BALANCE - END OF YEAR	<u>\$ 609,471</u>	<u>\$ 104,498</u>	<u>\$ 713,969</u>

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

**ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF ACTIVITIES
For The Year Ended May 31, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (9,224)
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	3,464
Change in Governmental Fund Compensated Absences	<u>26,318</u>
Change in Net Assets of Governmental Activities	<u>\$ 20,558</u>

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

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the **ST. TAMMANY PARISH TOURIST AND CONVENTION Commission** (the Commission) is to promote and develop tourism within St. Tammany Parish (Parish). It operates two tourist information centers within the Parish and employs a staff of approximately 14 employees who coordinate advertisements and promotion of tourism for the Parish. For the fiscal year ended May 31, 2004, the Commission implemented the new financial reporting requirements of GASB Statements No. 33 and 34. As a result, an entirely new financial presentation format has been implemented. The more significant of the government's accounting policies are described below.

REPORTING ENTITY

The Commission was created in 1976 by Ordinance 674 of the St. Tammany Parish Council. It was re-established as a separate political body under the provisions of Act 47 of the 1995 regular session of the Louisiana Legislature. The Commission is governed by a Board of Commissioners, which are appointed by the St. Tammany Parish Council. The Commission consists of seven commissioners. Six of the members serve terms of three years with the seventh commissioner serving a term of one year to be alternatively appointed from the eastern and western corridors of the parish.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Commission is a component unit of the Parish because the Council appoints all members of the Commission and as such is financially accountable for the Commission. However, the Parish governing authority has elected to not report the Commission in its annual financial statements, which is a departure from generally accepted accounting principles. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL 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 with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the General Fund and the Special Revenue Fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded when paid.

Sales tax revenues are collected by the St. Tammany Parish Sheriff and are remitted to the Commission monthly. Taxes are remitted in the month following collection and are considered measurable at the month of collection. Accordingly, sales taxes collected in May 2004 and remitted in June 2004 have been reported as a receivable.

Each state fiscal year, the Louisiana Legislature has the authority to appropriate funds from state sales tax collections to be distributed to tourist and convention commissions throughout the state to be used for tourism development, including support for historic preservation and arts and humanities. The amount appropriated by the state is limited to state sales taxes on hotels and motels within St. Tammany Parish. The amounts appropriated for the state fiscal year ending June 30, 2004 have been recorded in these financial statements. Payments are made quarterly.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Commission reports the following major governmental funds:

General Fund - the general operating fund of the Commission and accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. State sales taxes, which have been designated for expenditures related to the formation of "events centers" within the parish, are accounted for in this fund.

BUDGETS AND BUDGETARY ACCOUNTING

The Commission has adopted a budget for its general and special revenue funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Commission. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts, which are not expended or obligated through contracts lapse at year end. The Commission's budget is materially consistent with accounting principles generally accepted in the United States of America.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission 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.

State Statutes authorize the Commission to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S. government.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

Short-term investments are stated at amortized cost, which approximates market. Investments, as required by Government Auditing Standards Board Statement No. 31 are reported at fair value, which is determined using selected bases.

CAPITAL ASSETS

Capital assets, which include building, improvements, furniture and fixtures, computers and other assets are reported in the governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost, if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital outlays are recorded as expenditures of the General Fund, and they are recorded as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis.

All capital assets, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 30 Years
Leasehold Improvements	7 Years
Furniture and Fixtures	7 Years
Computers Software and Fixtures	5 - 12 Years
Other Assets	5 - 12 Years

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

Employees accrue vacation leave at the rate of ten days per year. At the end of the year, any remaining vacation days are forfeited. Employees accrue sick leave at the rate of twelve days per year. Sick leave is cumulative up to a maximum of 24 days. Upon termination of employment, employees are paid any unused vacation leave but any remaining sick leave is forfeited. At May 31, 2004, the Commission had accrued compensated absences payable of \$8,999, which have been reported on the Statement of Net Assets.

FUND EQUITY

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

1. *Invested in capital assets – Consists of capital assets, net of accumulated depreciation.*
2. *Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.*

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

INTERFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “Due To/From Other Funds.”

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE B

CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at May 31, 2004:

Demand deposits	<u>\$ 76,202</u>
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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. 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 May 31, 2004, the Commission has \$164,766 in deposits (collected bank balances), which is secured by \$121,851 in federal deposit insurance. The remaining \$42,915 is unsecured which is a violation of LRS 39:219.

NOTE C

INVESTMENTS

Investments of \$393,259, which are stated at market using published quotes as of May 31, 2004, are in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE C

INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE D

TAXES RECEIVABLE

Taxes receivable as of May 31, 2004 consists of the collected monies due from:

St. Tammany Parish Sheriff	\$	54,656
State of Louisiana		283,706
Other		<u>1,687</u>
		<u>\$ 340,047</u>

NOTE E

CAPITAL ASSETS

Change in capital assets for the year ended May 31, 2004 is as follows:

	Restated Balance June 1, 2003	Increases	Decreases	Balance May 31, 2004
Governmental Activities				
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 686,479	\$ 10,586	\$ -	\$ 697,065
Leasehold Improvements	15,343	-	-	15,343
Furniture and Fixtures	56,676	6,037	-	62,713
Computers and Software	49,495	29,320	-	78,815
Other	<u>73,502</u>	<u>-</u>	<u>-</u>	<u>73,502</u>
Total Capital Assets Being Depreciated	<u>881,495</u>	<u>45,943</u>	<u>-</u>	<u>927,438</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	118,004	20,900	-	138,904
Leasehold Improvements	10,035	2,191	-	12,226
Furniture and Fixtures	42,637	6,362	-	48,999
Computers and Software	39,606	7,413	-	47,019
Other	<u>41,742</u>	<u>5,613</u>	<u>-</u>	<u>47,355</u>
Total Accumulated Depreciation	<u>252,024</u>	<u>42,479</u>	<u>-</u>	<u>294,503</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 629,471</u>	<u>\$ 3,464</u>	<u>\$ -</u>	<u>\$ 632,935</u>

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE F

LEASES

The Commission leases office space in Slidell and various items of office equipment over terms of not more than five years. All of these leases have been classified as operating leases and as such, rental payments have been recorded as an operating expenditure. Total rent expense for the year ended May 31, 2004 was \$9,479. Future minimum lease payments are as follows:

Year Ended	
<u>May, 31</u>	
2005	\$ 2,647
2006	<u>864</u>
	<u>\$ 3,511</u>

NOTE G

ACCOUNTS PAYABLE

At May 31, 2004, accounts payable consisted of the following:

Trade Payables	\$ 55,009
Credit Card Payable	15,361
Cooperative Promotion Grants	<u>24,584</u>
	<u>\$ 94,954</u>

NOTE H

COMPENSATION PAID COMMISSIONERS

The Commissioners received no compensation from the Commission for the year ended May 31, 2004.

NOTE I

CONTINGENT LIABILITIES

The Commission is contingently liable to the St. Tammany Parish Council for the acreage transferred to the Commission in a prior year in the event that the Commission no longer has a need to utilize this land donated by the Council. The Commission has agreed to give the Council the first right to buy the property. In the event the Council does not exercise its first right to buy the property, then upon subsequent sale of the property, the Commission must reimburse the Council an amount of money equal to the fair market value of the land at the time of sale, less improvements, based upon an appraisal to be determined by two independently chosen appraisers.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
NOTES TO FINANCIAL STATEMENTS
May 31, 2004

NOTE J

COOPERATIVE PROMOTION PROGRAM

The Commission has instituted procedures for issuing matching funding to non-profit entities within St. Tammany Parish for the purpose of development and upgrading tourism in St. Tammany Parish. Applications for Cooperative Promotion Program funds are made to a subcommittee of the Commission, which then present the request to the full Board. Funds are paid to non-profit entities under the program on a 50/50 cash matching basis to be paid from the General Fund.

NOTE K

EVENT CENTER PROGRAM

In accordance with LSA Revised Statute 47:302.26, the commission has placed 25% of its state funding in the Special Revenue Fund, to be used by performing arts and/or convention centers within St. Tammany Parish. At May 31, 2004, the fund balance of \$104,498 is available for the use of events centers. For the years subsequent to June 30, 2004, the State has restricted 40% of the expenditures of the special revenue fund to the East St. Tammany Events Center District and 40% to the Recreation District No. 1 of St. Tammany Parish

NOTE L

DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Commission's legal counsel that the Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Commission believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

Investments are managed by the Plan's administrator (The Great West Life Assurance Company). The choice of the investment option(s) are made by the Plan participants.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended May 31, 2004

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
REVENUES				
Sales Taxes				
Local Collections	\$ 585,000	\$ 585,000	\$ 638,164	\$ 53,164
State Appropriation	524,062	524,062	482,929	(41,133)
Interest Income	8,350	8,350	4,508	(3,842)
Total Revenues	<u>1,117,412</u>	<u>1,117,412</u>	<u>1,125,601</u>	<u>8,189</u>
EXPENDITURES				
Current:				
Personnel				
Salaries	395,739	395,739	406,841	(11,102)
Payroll Taxes and Fringe Benefits	92,453	92,453	96,615	(4,162)
Marketing and Promotion				
Advertising	225,000	225,000	180,573	44,427
Auto Expenses	9,000	9,000	11,867	(2,867)
Brochures	-	-	49,016	(49,016)
Cooperative Advertising and Promotion	60,000	60,000	56,835	3,165
Dues and Subscriptions	15,000	15,000	16,270	(1,270)
Film Services	1,000	1,000	1,824	(824)
Postage and Shipping	25,000	25,000	18,020	6,980
Promotional Merchandise	82,000	82,000	26,005	55,995
Research and Development	5,000	5,000	3,141	1,859
Special Promotions	6,000	6,000	5,255	745
Tammany Trace	30,000	30,000	30,000	-
Telephone	22,000	22,000	18,775	3,225
Trade Shows	22,000	22,000	4,132	17,868
Training and Education	5,000	5,000	20,384	(15,384)
Travel	42,000	42,000	53,501	(11,501)
Uniforms	3,000	3,000	869	2,131
General and Administrative				
Capital Expense	14,500	14,500	16,623	(2,123)
Equipment Rental	16,400	16,400	9,479	6,921
Insurance	17,000	17,000	20,087	(3,087)
Office Supplies	19,320	19,320	31,379	(12,059)
Official Notice Publication	1,500	1,500	1,633	(133)
Professional Fees	18,000	18,000	27,074	(9,074)
Repairs and Maintenance	42,500	42,500	31,399	11,101
Utilities	18,000	18,000	14,200	3,800
Total Expenditures	<u>1,187,412</u>	<u>1,187,412</u>	<u>1,151,797</u>	<u>35,615</u>
NET CHANGE IN FUND BALANCE	<u>\$ (70,000)</u>	<u>\$ (70,000)</u>	(26,196)	<u>\$ 43,804</u>
FUND BALANCE - BEGINNING OF YEAR			<u>635,667</u>	
FUND BALANCE - END OF YEAR			<u>\$ 609,471</u>	

See independent auditor's report.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For The Year Ended May 31,2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Sales Taxes				
Local Collections	\$ -	\$ -	\$ -	\$ -
State appropriation	174,687	144,942	160,989	16,047
Interest Income	<u>313</u>	<u>120</u>	<u>983</u>	<u>863</u>
Total Revenues	<u>175,000</u>	<u>145,062</u>	<u>161,972</u>	<u>16,910</u>
EXPENDITURES				
Current:				
Performing Art and/or Convention Centers	<u>175,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Total Expenditures	<u>175,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 62</u>	16,972	<u>\$ 16,910</u>
FUND BALANCE - BEGINNING OF YEAR			<u>87,526</u>	
FUND BALANCE - END OF YEAR			<u>\$ 104,498</u>	

See independent auditor's report.

SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

SCHEDULE OF GOVERNING BOARD
May 31, 2004

<u>Board of Commissioners</u>	<u>Term of Office</u>	<u>Compensation</u>
H. Sam Smalley, Chairman 78253 Woods Hole Lane Folsom, LA 70437	December 31, 2005	-0-
Bryan Gowland, Vice Chairman P. O. Box 905 Abita Springs, LA 70420	December 31, 2005	-0-
Zachary A. Casey, Secretary/Treasurer 78070 Koogie Road Covington, LA 70433	December 31, 2004	-0-
Brenda Reine 624 Markham Drive Slidell, LA 70458	December 31, 2004	-0-
Debbi Smith 26060 Cloverland Road Lacombe, LA 70445	December 31, 2006	-0-
Kerry Painter 1000 Caruso Boulevard, Suite 199 Slidell, LA 70461	December 31, 2005	-0-
Cayman Sinclair 2223 Causeway Blvd. Mandeville, LA 70471	December 31, 2006	-0-



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

To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission

We have audited the financial statements of the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION** as of and for the year ended May 31, 2004 and have issued our report thereon dated September 3, 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.

As part of obtaining reasonable assurance about whether the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the following paragraph.

At May 31, 2004, the Commission's demand deposits in one bank exceeded Federal Deposit Insurance Corporation coverage by \$42,915. The bank did not pledge securities as collateral against uninsured deposits as required by LRS 13:1219. The Commission should notify the bank and monitor the bank's compliance with this requirement.

In planning and performing our audit, we considered the **ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION'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 for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Arthur, Lehit, Long & Neal".

A Professional Accounting Corporation

September 3, 2004



November 10, 2004

Legislative Audit Advisory Committee
1600 North Third Street
Baton Rouge, Louisiana 70802

To Whom It May Concern:

In August 2003, we contracted Hancock Bank as our Fiscal Agent Bank in compliance with applicable state laws. Our "Bid Documents and Contract" clearly states the obligation of the contracted bank to pledge securities as collateral against uninsured deposits as required by LRS 13:1219.

The audit of our financial statements for the year ended May 31, 2004 revealed the fact that Hancock Bank did not pledge the securities as required. The bank has been notified and has accepted full responsibility for this error and has taken steps to have this corrected.

Hancock Bank's failure to comply with Louisiana State Law constitutes breach of contract; therefore our Board of Commissioners - at a duly noticed public meeting - elected to contract Parish National Bank as our Fiscal Agent Bank. Parish National Bank submitted the second lowest bid during the original bid process,

We will monitor the Collateral Security Pledges more carefully in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Wm. Hyatt Hood".

Wm. Hyatt Hood, Executive Director

ST. TAMMANY

PARISH TOURIST

& CONVENTION

COMMISSION

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Mandeville, LA 70471

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