

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

099000062
3201
15

RECEIVED
MAY 31 1998

ST. TAMMANY PARISH TOURIST AND
CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

May 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 1998

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
COMPONENT UNIT FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTAL INFORMATION	
SCHEDULE OF GOVERNING BOARD	14
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 1660

Covington, Louisiana 70434-1660

Samuel K. Smith, CPA
Patrick "Bryan" Huval, CPA

(504) 892-6633 - Covington
(504) 892-4666 - FAX

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying component unit financial statements of the St. Tammany Parish Tourist and Convention Commission, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended May 31, 1998. 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 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 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, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards* we have also issued a report dated August 19, 1998 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.

Our audit was made for the purpose of forming an opinion on the component unit financial statements as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Tammany Parish Tourist and Convention Commission. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Smith, Huval & Associates, L.L.C.
August 19, 1998

ST. TAMMANY PARISH TOURIST COMMISSION

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 1998

	Governmental Fund Type		Account Group	Total (Memorandum Only)
	General	Special Revenue	General Fixed Assets	
ASSETS				
Cash	\$ 7,514	\$	\$	\$ 7,514
Investments	620,034	99,788		719,822
Receivables - taxes	91,353	37,712		129,065
Receivables - other	809			809
Furniture and equipment			152,616	152,616
Land and building			670,432	670,432
Leaschold improvements			4,545	4,545
Total Assets	719,710	137,500	827,593	1,684,803
LIABILITIES				
Accounts payable	\$ 86,433	\$	\$	\$ 86,433
Accrued expenses	6,590			6,590
Retainage payable	2,696			2,696
Tourism grant payables	50,708			50,708
Total liabilities	146,427	-	-	146,427
FUND EQUITY				
Investment in general fixed assets			827,593	827,593
Unreserved fund balance	573,283	137,500		710,783
Total fund equity	573,283	137,500	827,593	1,538,376
Total liabilities and fund equity	\$ 719,710	\$ 137,500	\$ 827,593	\$ 1,684,803

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended May 31, 1998

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Sales taxes						
Local collections	\$ 444,825	\$ 479,408	\$ 34,583	\$ -	\$ -	\$ -
State appropriation	366,439	374,325	7,886	134,603	137,500	2,897
Earnings on investments	22,400	27,919	5,519			
Other		1,724	1,724			
Total revenues	833,664	883,376	49,712	134,603	137,500	2,897
EXPENDITURES						
Personnel	202,500	193,824	8,676			
Payroll taxes and fringe benefits	31,000	28,086	2,914			
Advertising	157,000	142,212	14,788			
Tourism development grants	75,000	75,000	-			
Professional fees	61,000	48,770	12,230			
Collateral material	40,000	37,727	2,273			
Capital expenses	45,900	36,253	9,647			
Travel	34,000	35,933	(1,933)			
Research and development - event centers	35,000	25,000	10,000			
Repairs and maintenance	20,975	19,467	1,508			
Promotional merchandise	15,000	18,295	(3,295)			
Trade shows	15,000	16,785	(1,785)			
Postage and shipping	17,000	16,731	269			
Telephone	14,000	12,709	1,291			
Office supplies	14,450	11,666	2,784			
Utilities	10,500	9,347	1,153			
Insurance	8,000	7,844	156			
Dues and subscriptions	9,000	7,822	1,178			
Equipment rental	6,000	6,576	(576)			
Auto expenses	7,500	5,940	1,560			
Training and education	5,000	4,472	528			
Rent	3,900	3,863	37			
Special promotions	4,000	3,344	656			
Official notice publication	1,500	2,897	(1,397)			
Event hosting	3,500	1,999	1,501			
Film services	2,500	1,740	760			
Uniforms	3,000	1,427	1,573			
Total expenditures	842,225	775,729	66,496	-	-	-
Excess (deficiency) of revenues over expenditures	\$ <u>(8,561)</u>	107,647	\$ <u>116,208</u>	\$ <u>134,603</u>	\$ <u>137,500</u>	\$ <u>2,897</u>
FUND BALANCES - BEGINNING OF YEAR		<u>465,636</u>			<u>-</u>	
FUND BALANCES - END OF YEAR		\$ <u>573,283</u>			\$ <u>137,500</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

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. It operates two tourist information centers within the parish and employs a staff of approximately twelve employees who coordinate advertisements and promotion of tourism within the parish. The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies:

1. Reporting Entity

The Commission was created in 1976 by Ordinance 674 of the St. Tammany Parish Police Jury. It was reestablished 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 Police Jury. The Commission consists of seven Commissioners who are appointed by the St. Tammany Parish Police Jury. 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 Police Jury is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (police jury) (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 Police Jury 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 Police Jury 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 police jury, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting

The Commission uses funds and account groups to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid the financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Commission are classified as governmental funds. Governmental funds account for the Commission's general activities including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds of the Commission include the following:

1. 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.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. State sales taxes, which has been designated for expenditures related to the formation of "events centers" within the parish, are accounted for in this fund.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting is used by all governmental funds.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting (continued)

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 1998 and remitted in June 1998 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 amounts appropriated for the state fiscal year ending June 30, 1998 have been recorded in these financial statements. Payments are made quarterly. The Commission's remaining appropriation at May 31, 1998 has been accrued as a receivable.

4. 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 generally accepted accounting principles.

5. 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 municipality 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.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. General Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs.

7. 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, 1998, the Commission had no significant compensated absences payable.

8. Total Column on Combined Statements

The total column on the combined statements - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, 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.

NOTE B - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at May 31, 1998:

Demand deposits	<u>\$ 7,514</u>
-----------------	-----------------

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE B - CASH AND CASH EQUIVALENTS (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. 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, 1998, the Commission has \$15,186 in deposits (collected bank balances) which is entirely covered by federal deposit insurance.

NOTE C - INVESTMENTS

Investments of \$719,822 which is stated at cost which approximates market as of May 31, 1998 are in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds and thereby 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, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments 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. 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. 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.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE D - TAXES RECEIVABLE

Taxes receivable at May 31, 1998 consists of the collected monies due from:

St. Tammany Parish Sheriff	\$ 46,968
Louisiana Treasury department	<u>82,097</u>
	<u>\$129,065</u>

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 1, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance May 31, <u>1998</u>
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Building	604,914	5,518	-	610,432
Leasehold improvements	-	4,545	-	4,545
Furniture and equipment	<u>126,426</u>	<u>26,190</u>	<u>-</u>	<u>152,616</u>
Totals	<u>\$791,340</u>	<u>\$ 36,253</u>	<u>\$ -</u>	<u>\$827,593</u>

NOTE F - LEASES

The Commission leases office space in Slidell and various pieces of office equipment over terms of not more than three 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, 1998 was \$10,439. Future minimum lease payments are as follows:

May 31, 1999	\$ 4,681
May 31, 2000	3,637
May 31, 2001	<u>303</u>
	<u>\$ 8,621</u>

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

May 31, 1998

NOTE G - COMPENSATION PAID COMMISSIONERS

The Commissioners received no compensation from the Commission for the year ended May 31, 1998.

NOTE H - CONTINGENT LIABILITIES

The Commission is contingently liable to the St. Tammany Parish Police Jury 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 Police Jury. The Commission has agreed to give the Police Jury the first right to buy the property. In the event the Police Jury does not exercise its first right to buy the property, then upon subsequent sale of the property, the Commission must reimburse the Police Jury 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.

NOTE I - TOURISM DEVELOPMENT GRANTS

In the year ended May 31, 1998, the Commission instituted procedures for issuing matching grants to non-profit entities within St. Tammany Parish for the purpose of development and upgrading tourism in St. Tammany Parish. Applications for grant funds are made to a subcommittee of the Commission which then presents the request to the full Board. Grants are made on a 50/50 cash match basis. The Commission has appropriated \$75,000 for these grants of which \$50,708 has been obligated and is recorded as a liability at May 31, 1998.

SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
MANDEVILLE, LOUISIANA

SCHEDULE OF GOVERNING BOARD

May 31, 1998

<u>Board of Commissioners</u>	<u>Term of Office</u>	<u>Compensation</u>
James C. Williamson, Chairman 17145 Million Dollar Road Covington, LA 70433	January 17, 1999	-0-
Derise Morel 1187 Marina Drive Slidell, LA 70458	January 17, 1999	-0-
Anne Barnes 110 Riverwood Dr. Covington, LA 70433	December 14, 1998	-0-
Patricia O'Donnell 73128 Hwy 1077 Covington, LA 70433	January 17, 1999	-0-
Lawrence M. Frank 56009 Hwy 433 Slidell, LA 70461	January 17, 1999	-0-
John E. Cerny 508 Cypresswood Slidell, LA 70458	April 17, 1999	-0-
Dorothy Calderone 62012 Hwy 434 Lacombe, LA 70445	December 14, 1998	-0-

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 1660

Covington, Louisiana 70434-1660

Samuel K. Smith, CPA
Patrick "Bryan" Huval, CPA

(504) 892-6633 - Covington
(504) 892-4666 - FAX

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 years ended May 31, 1998 and have issued our report thereon dated August 19, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. Our tests did disclose immaterial instances of noncompliance which we have reported to management orally.

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.

Smith, Huval & Associates, L.L.C.

August 19, 1998