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NATCHITOCHEs PARISH TOURIST COMMISSION  
NATCHITOCHEs, LOUISIANA

FINANCIAL REPORT  
DECEMBER 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 7-14-99

Natchitoches Parish Tourist Commission  
Annual Financial Report  
December 31, 1998

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	---	1-2
General Purpose Financial Statements <u>(Combined Statements-Overview)</u>		
Combined Balance Sheet-All Fund Types and Account Group	A	4
Combined Statement of Revenues, Expen- ditures, and Changes in Fund Balances- Budget (GAAP Basis) and Actual Governmental Fund Type- General Fund	B	5
Notes to the Financial Statements	---	7-13
<u>Internal Control and Compliance</u>		
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>	C	15-16
Schedule of Compensation of Directors	D	17

# Johnson, Thomas & Cunningham

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Natchitoches Parish Tourist Commission  
Natchitoches, Louisiana 71457

We have audited the general purpose financial statements of the Natchitoches Parish Tourist Commission, Natchitoches, Louisiana, a component unit of the Natchitoches Parish Police Jury, as of and for the year ended December 31, 1998, as listed in the Table of Contents. These general purpose 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Parish Tourist Commission, as of December 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 June 26, 1999, on our consideration of the Natchitoches Parish Tourist Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Natchitoches Parish Tourist Commission, Natchitoches, Louisiana, taken as a whole. The accompanying Schedule of Compensation of Directors is presented for the purpose of additional analysis, and is not a required part of the financial statements of the Natchitoches Parish Tourist Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements of each of the respective individual funds and the account group taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which Hines, Jackson & Hines, CPA's expressed an unqualified opinion on the general purpose, combining, *individual fund and account group* financial statements of Natchitoches Parish Tourist Commission, Natchitoches, Louisiana.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

June 26, 1999  
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

Natchitoches Parish Tourist Commission  
Combined Balance Sheet-  
All Fund Types and Account Group  
December 31, 1998

	<u>Governmental Funds</u>	<u>Account Group</u>	<u>Totals</u>	
	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u> <u>1998</u>	<u>1997</u>
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 47,024	\$ 0	\$ 47,024	\$ 87,660
Time Deposits	178,624	0	178,624	283,407
Intergovernmental Receivable	15,658	0	15,658	13,583
Interest Receivable	0	0	0	1,221
Prepaid Expenses	16,532	0	16,532	10,762
Office Furniture & Equipment	0	24,809	24,809	10,077
Due from Natchitoches Parish Police Jury	<u>77,020</u>	<u>0</u>	<u>77,020</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$334,858</u></b>	<b><u>\$24,809</u></b>	<b><u>\$359,667</u></b>	<b><u>\$406,710</u></b>
<b>LIABILITIES AND FUND EQUITY:</b>				
<b>Liabilities-</b>				
Accounts Payable	\$ <u>2,872</u>	\$ <u>0</u>	\$ <u>2,872</u>	\$ <u>2,705</u>
<b>Fund Equity-</b>				
Investment in General Fixed Assets	\$ 0	\$24,809	\$ 24,809	\$ 10,077
<b>Fund Balance-</b>				
Reserved for Prepaid Expenses	16,532	0	16,532	10,762
Reserved for Convention Center	157,702	0	157,702	189,699
Reserved for Tourism Development	133,836	0	133,836	150,120
Designated for Tour Book	0	0	0	0
Designated for Spring Jubilee	0	0	0	0
Unreserved-Undesignated	<u>23,916</u>	<u>0</u>	<u>23,916</u>	<u>43,347</u>
<b>Total Fund Equity</b>	<b><u>\$331,986</u></b>	<b><u>\$24,809</u></b>	<b><u>\$356,795</u></b>	<b><u>\$404,005</u></b>
<b>Total Liabilities &amp; Fund Equity</b>	<b><u>\$334,858</u></b>	<b><u>\$24,809</u></b>	<b><u>\$359,667</u></b>	<b><u>\$406,710</u></b>

The accompanying notes are an integral part of this statement.

Natchitoches Parish Tourist Commission  
Combined Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget (GAAP Basis) and Actual Governmental Fund Type-  
General Fund  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	<u>12-31-97</u>
REVENUES:				
Hotel-Motel Tax	\$ 123,000	\$144,156	\$ 21,156	\$122,259
Interest	200	11,383	11,183	14,199
Grants & Receipts from Other Governments	43,426	130,116	86,690	84,263
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,736</u>
Total Revenues	<u>\$ 166,626</u>	<u>\$285,655</u>	<u>\$119,029</u>	<u>\$224,457</u>
EXPENDITURES:				
General Government-				
Advertising & Promotion	\$ 53,613	\$ 63,939	\$ (10,326)	\$ 48,168
Audit	1,700	2,400	(700)	1,600
Building Repair & Maintenance	2,000	1,977	23	3,967
Computer	3,500	3,199	301	20
Dues & Subscriptions	1,645	1,592	53	4,108
Insurance	8,786	7,550	1,236	6,741
Office Equipment Rental	6,500	6,636	(136)	6,178
Office Expense	4,300	5,215	(915)	3,573
Payroll Taxes	3,600	6,107	(2,507)	4,329
Postage	7,000	8,330	(1,330)	8,020
Salaries	58,512	56,039	2,473	50,312
Telephone	6,500	7,497	(997)	5,602
Utilities	3,200	0	3,200	293
Capital Outlay	12,000	12,719	(719)	0
External Appropriations- NHDDC	<u>164,397</u>	<u>164,397</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 337,253</u>	<u>\$347,597</u>	<u>\$ (10,344)</u>	<u>\$142,911</u>
Excess of Revenues Over Expenditures	<u>\$(170,627)</u>	\$ (61,942)	<u>\$108,685</u>	\$ 81,546
(Increase)/Decrease in Reserve for Prepaid Expenses		(5,770)		5,993
(Increase)/Decrease in Reserve for Convention Center		31,997		(31,426)
(Increase)/Decrease in Reserve for Tourism Development		<u>16,284</u>		<u>(33,233)</u>
Net Change in Unreserved-Undesignated Fund Balance		\$ (19,431)		\$ 24,191
Fund Balance-Beginning of Year		<u>43,347</u>		<u>19,156</u>
Fund Balance-End of Year		<u>\$ 23,916</u>		<u>\$ 43,347</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS



Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Natchitoches Parish Tourist Commission, Natchitoches, Louisiana, was created by an ordinance of the Natchitoches Parish Police Jury on July 21, 1976.

The accounting and reporting policies of the District Attorney of the Thirty-Ninth Judicial District of Red River Parish conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial principles. Such accounting and reporting procedures also conform to the requirements set forth in the *Louisiana Governmental Audit Guide* and to Louisiana Revised Status 24:513 and 24:517, and to the industry audit guide, *Audits of State and Local Governmental Units*.

**A. Financial Reporting Entity**

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Police Jury is the financial reporting entity for Natchitoches 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 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.

Government Accounting Standards Boards Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

The Commission's directors are appointed by the Natchitoches Parish Police Jury. Therefore, the Tourist Commission was determined to be a component unit of the Natchitoches Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the policy jury, or other governmental units that comprise the financial reporting entity.

**B. Fund Accounting**

The accounts of the Tourist Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. 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. The funds are grouped in this report into generic fund types and broad fund categories as follows:

Governmental Funds

General Fund-is the general operating fund of the Commission. It is used to account for all financial resources of the Commission not required to be accounted for in another fund.

**C. General Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets. All fixed assets are valued at cost.

The fixed assets account group is not a "fund". It is concerned only with the measurement of financial position, not with measurement of results of operations.

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Motel taxes, intergovernmental revenues, and interest are accrued when their receipt occurs soon enough after the end of the accounting period to be both measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budget Practices

The Commission adopts a budget prior to January 1 of each year for the General Fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Commission is not required to publish the budget, but the budget must be adopted and available for public inspection. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. All budget appropriations lapse at year end.

F. Vacation and Sick Leave

Full-time employees of the Commission earn ten days vacation leave each year. Leave cannot be accumulated from one calendar year to the next, and there are no vesting privileges. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

G. Cash and Cash Equivalents

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the District Attorney defines cash and cash equivalents as follows:

Cash-includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

Cash equivalents-includes all short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

H. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

I. Prepaid Items

Payments made for services that will benefit a period beyond December 31, 1998, are recorded as prepaid items.

J. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental fund represent the amount that has been legally identified for specific purposes. Designated fund balances represent tentative plans for future use of financial resources.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, comparative (i.e., presentation of prior years totals by fund type) data have not been prepared in each of the statements since their inclusion would made the statements unduly complex and difficult to read.

L. Total Columns on Combined Statements-Overview

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do 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. Certain amounts from prior year financial statements have been reclassified to conform with current classifications.

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

M. Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Natchitoches Parish Tourist Commission.

**2. CASH AND CASH EQUIVALENTS**

Louisiana Revised Statutes authorizes the Tourist Commission to invest in the United States bonds, treasury notes or, certificates, or to 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. Deposits 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.

At December 31, 1998, the Natchitoches Parish Tourist Commission has cash, cash equivalents and time deposits totaling \$225,647, as follows:

Interest-Bearing Demand Deposits	\$ 26,379
Money-Market Accounts	20,644
Time Deposits	<u>178,624</u>
Total	<u>\$225,647</u>

Under state law, these deposits 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 deposits insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Tourist Commission had \$290,378 in bank deposits. These deposits were secured from risk by \$175,411 of federal deposit insurance and \$236,744 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3).

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

Even though the pledged securities are considered collateralized under the provisions of GASB Statement 3, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Tourist Commission that the pledging bank has failed to pay deposited funds upon demand.

### 3. CHANGE IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>12-31-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-98</u>
Office Fixtures & Equipment	\$ <u>10,077</u>	\$ <u>14,732</u>	\$0	\$ <u>24,809</u>

### 4. RETIREMENT COMMITMENTS

All employees of the Commission are covered under the Social Security System. The employees pay 7.65% of their total salary, while the Commission contributes the same. The Commission contributed \$4,365 to the system during the year as its share of the contributions. The Tourist Commission has no further liability.

### 5. PENDING LITIGATION

The Natchitoches Parish Tourist Commission was not involved in any litigation at December 31, 1998.

### 6. LEASES

The Natchitoches Parish Tourist Commission was not involved in any capital or operating leases at December 31, 1998.

### 7. FUND EQUITY

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

#### General Fund

Reserved for Prepaid Expenses-This reserve was created to represent that portion of the fund balance attributable to prepaid items and not appropriable for future expenditures.

Natchitoches Parish Tourist Commission  
Notes to the Financial Statements  
December 31, 1998

Reserved for Convention Center-This reserve was created to represent unexpended funds received by the Tourist Commission pursuant to Act 977 of the 1992 Regular Session which provided for a rebate of sales taxes collected by the State of Louisiana to the Natchitoches Parish Tourist Commission. These monies are legally restricted "exclusively for acquisition of land and acquisition and/or construction of buildings for use as the Natchitoches Convention Facility".

Reserved for Tourism Development-This reserve was created to represent unexpended fund received by the Tourist Commission pursuant to Act 407 of the 1993 Regular Session which provided for a rebate of sales taxes collected by the State of Louisiana to the Natchitoches Parish Tourist Commission. These monies are legally restricted to "use for tourism development".

#### 8. GRANTS AND RECEIPTS FROM OTHER GOVERNMENTS

During the year ended December 31, 1998, the Natchitoches Parish Tourist Commission received the following grants from the State of Louisiana:

Act 977-Natchitoches Convention Facility	\$ 77,020
Act 18-Natchitoches Parish Enterprise Fund	39,096
City of Natchitoches-Office Renovations Reimb.	<u>14,000</u>
Total	<u>\$130,116</u>

#### 9. YEAR 2000 ISSUE

The year 2000 issue is a result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Natchitoches Parish Tourist Commission has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary in conducting the Commission's operations. Based on this inventory, the Natchitoches Parish Tourist Commission is in compliance with respect to the year 2000 issue and does not anticipate any future problems.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Natchitoches Parish Tourist Commission is or will be year 2000 ready, that the Commission's remediation efforts will be successful in whole or in part, or that parties with whom the Commission does business will be year 2000 compliant.

## INTERNAL CONTROL AND COMPLIANCE



# Johnson, Thomas & Cunningham

*Certified Public Accountants*

Exhibit C

Page 15

*Eddie G. Johnson, C.P.A. A Professional Corporation (1962-1996)*

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

To the Board of Directors  
of the Natchitoches Parish Tourist Commission

We have audited the financial statements of the Natchitoches Parish Tourist Commission, Natchitoches, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated June 26, 1999. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Natchitoches Parish Tourist 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*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Parish Tourist 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 the Natchitoches Parish Tourist Commission. However, this report is a matter of public record and its distribution is not limited.

*Johnson, Thomas & Cunningham*  
Johnson, Thomas & Cunningham, CPA's

June 26, 1999  
Natchitoches, Louisiana

Natchitoches Parish Tourist Commission  
Schedule of Compensation of Directors  
Year Ended December 31, 1998

<u>Board Member</u>	<u>Meetings</u>	<u>Fees</u>	<u>Travel Shows</u>	<u>Travel</u>
Raymond Arthur	4	\$0	\$0	\$0
Burton Weaver	6	0	0	0
Wayne McCullen	7	0	0	0
Rick Seale	9	0	0	0
Arthur Welch	12	0	0	0
Daniel Graves	12	0	0	0
John Puckett	11	0	0	0
Janet Colson	4	0	0	0
Leland Scoggins	4	0	0	0
Mary Lynn Wilkerson	4	0	0	0