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Independent Auditor's Report

The Board of Directors of the Saint Tammany
Parish Tourist and Convention Commission
Covington, Louisiana

We have audited the accompanying general purpose financial statements of Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana as of May 31, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the management of the Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1994 Revision) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. 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 Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana as of May 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Randy E. Jackson, CPA, APAC

Mandeville, Louisiana
November 20, 1996

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

3. CASH AND INVESTMENTS - continued

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.

4. SALES TAX RECEIVABLE

The balance of sales tax receivable on May 31, 1996 consist of the collected monies due from:

Saint Tammany Parish Sheriff's Department	\$ 34,113
Louisiana Treasurer's Office	<u>93,689</u>
	<u>\$ 130,802</u>

5. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of the changes in the general fixed assets account group:

	Balance <u>May 31, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>May 31, 1996</u>
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Furniture & Equipment	<u>58,269</u>	<u>41,009</u>	<u>25,925</u>	<u>73,353</u>
Total Fixed Assets	\$ <u>118,269</u>	\$ <u>41,009</u>	\$ <u>25,925</u>	\$ <u>133,353</u>
Construction In Progress	\$ <u>27,283</u>	\$ <u>171,992</u>	\$ -	\$ <u>199,275</u>

6. PENSION PLANS

The employees of the Commission are not covered by a pension plan, and are not members of the State Retirement System, consequently there is no contingent unfunded liability to accrue.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

G. TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the combined balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

3. CASH AND INVESTMENTS

At May 31, 1996 the Commission had cash and investments totaling \$499,516 as follows:

Investments - Louisiana Asset Management Pool	\$ 453,873
Investments - Money Market Account	12,841
Cash	26,680
Investments - Money Market Account	<u>6,122</u>
	\$ <u>499,516</u>

The cash and money market accounts are maintained at local banks. These funds are fully covered by federal deposit insurance.

Investments held at May 31, 1996, include \$453,873 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section I50.165, the investment in LAMP at May 31, 1996 is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the 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.

The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, The Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. 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

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

C. BASIS OF ACCOUNTING - continued

humanities. The amount appropriated by Act 16 of the 1995 Regular Legislative Session was \$375,000 to be distributed for the state fiscal year ended June 30, 1996. The amount appropriated by Act 17 of the 1996 Regular Legislature Session to be distributed for the state fiscal year ended June 30, 1997 was also \$375,000.

Expenditures are generally recognized under the modified accrual basis of accounting when the liability is incurred.

D. BUDGETARY PRACTICES

Budgets are prepared annually in the office of the Commission by the Executive Director and approved by the Directors. The Commission holds a public hearing on the proposed budget, after publication of the notices.

The budget for the year ended May 31, 1996 was approved by the Directors of the Commission on January 24, 1995 and amended on May 14, 1996.

E. CASH AND INVESTMENTS

The Commission is authorized to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. (LAMP), a non-profit corporation organized under the laws of the state of Louisiana, which operates a local government investment pool. These investments are stated at cost which is the same as carrying value.

F. VACATION AND SICK LEAVE

The Commission has no policies or agreements allowing the accumulation and/or vesting of annual sick leave and subsequent payment. Therefore no accrual has been made.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

B. FIXED ASSETS AND LONG-TERM OBLIGATIONS

The General Fixed Assets Group represents a summary of the fixed assets of the Commission. Capital expenditures in the general fund are recorded at the time of purchase and are subsequently recorded, at cost in the General Fixed Assets Account Group. Depreciation is not recorded on such fixed assets.

There were no long-term obligations outstanding at May 31, 1996.

C. 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 relates to the timing of the measurements made, regardless of the measurement focus applied.

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" in May, therefore sales tax revenue for April 1996 has been accrued at May 31, 1996.

Sales tax revenues are collected by the Saint Tammany Parish Sheriff's department and remitted to the Commission monthly. Sales taxes for April are collected in May and remitted in June. These taxes are considered "measurable" in May, therefore sales tax revenue for April 1996 has been accrued at May 31, 1996.

Sales tax revenues from the state is collected by the Department of Revenue and Taxation and transferred to the Office of the Treasurer of the State of Louisiana. The State Treasurer maintains the Saint Tammany Parish Tourist Commission Fund and invests the collected monies in the same manner as the monies in the state general fund with all interest earned deposited into the fund as per Revised Statute 47:302.14 of the State of Louisiana. For each state fiscal year, the Louisiana Legislature has the authority to appropriate an amount from this fund to be distributed to the Saint Tammany Parish Tourist and Convention Commission to be used for tourism development purposes, including, but not limited to, support for historic preservation and arts and

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

1. THE REPORTING ENTITY

The Saint Tammany Parish Tourist and Convention Commission was created November 18, 1976 by Ordinance No. 674 of the Saint Tammany Parish Police Jury, under the provisions of Title 33, Sections 4574 through 4574-3, of the Revised Statutes of the State of Louisiana, as amended in 1975. This legislation authorized the governing authority of any parish in the state to create a tourist commission for the promotion of tourism within its own jurisdiction.

Under Act 47 of the 1995 Regular Session of the Louisiana Legislature, the Commission was re-created to be a body politic and corporate and a political subdivision of the state of Louisiana composed of all the territory in Saint Tammany Parish. The intent of this act was to make the Commission a subdivision of the state; separate and independent of the local political subdivisions the which they operate, and to grant directly to such political subdivisions the power of taxation and such other powers as provided for in Article VI; Sections 19 and 30 of the Constitution of Louisiana. The directors of the Commission shall adopt ordinances or resolutions as it deems necessary.

The Commission advertises in various publications, frequently in cooperation with the Louisiana Travel Promotion Association, maintains exhibit space at, and sends representatives to, conventions, fairs and shows, and prepares and distributes brochures, photographs and other promotional material. It also operates a tourist information center at 600 North Highway 190, Suite 15, Covington and a small office in the Towers Building in Slidell.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

A. FUND ACCOUNTING

The accounts of the Commission are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures. The Commission is considered a special revenue fund. Revenues are accounted for and allocated to expenditure strictly for the purpose for which the Commission was created.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended May 31, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Sales tax revenues			
Parish-collected by Sheriff	\$ 440,000	\$ 442,030	\$ 2,030
Less Sheriff's commission	5,060	5,083	(23)
State - Fund Appropriation	341,000	313,209	(27,791)
Interest income	20,000	19,388	(612)
Membership drive income	4,000	2,125	(1,875)
Miscellaneous income	-	3,466	3,466
	<u>799,940</u>	<u>775,135</u>	<u>(24,805)</u>
EXPENDITURES			
Salaries	150,000	149,549	451
Payroll taxes	12,700	12,557	143
Hospitalization/workmen's compensation	19,558	13,777	5,781
Auto, liability, and property insurance	2,762	2,561	201
Rent	12,264	12,375	(111)
Utilities	4,500	2,937	1,563
Office expense and supplies	8,878	9,357	(479)
Office cleaning	1,290	1,315	(25)
Equipment rental	627	1,241	(614)
Capital expenditures	412,100	213,001	199,099
Office service and maintenance	1,495	1,471	24
Postage	5,517	11,043	(5,526)
Telephone/long distance	6,410	6,187	223
Automobile expenses	6,410	4,796	1,614
Professional fees	12,000	11,041	959
Advertising	55,000	51,058	3,942
Collateral material/brochures	28,451	27,599	852
1-800 telephone service	5,000	4,344	656
Promotional merchandise	5,279	6,509	(1,230)
Event hosting/fam tours	2,000	361	1,639
Trade show costs/registration fees	10,000	11,727	(1,727)
Travel/entertainment (out of state)	17,217	18,343	(1,126)
Local meetings/entertainment (in state)	3,617	3,000	617
Membership dues and subscriptions	11,005	8,432	2,573
Research/educational training/seminars	2,000	617	1,383
Special promotion/NTA week/legislature hosting	1,360	2,520	(1,160)
Contract labor/part-time help	500	-	500
Film commission/film and developing	2,000	299	1,701
Total Expenditures	<u>799,940</u>	<u>588,017</u>	<u>211,923</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 187,118</u>	<u>\$ 187,118</u>

See accompanying notes.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

7. LEASES

The Commission currently leases office space in Covington and Slidell at 600 North Highway 190, Suite 15, Covington and 520 Old Spanish Trail, Suite 402, Slidell. The monthly rental rate is \$797 and \$175, respectively, and is charged to rent expenditure. A storage facility is also leased at \$50 per month. All leased facilities are on a month-to-month basis. Total rent expenditures for the year ended May 31, 1996 was \$12,375.

The Commission also leases office equipment under lease terms expiring three to five years in the future. Lease rates range from \$83 to \$163 per month. Minimum lease payments at May 31, 1996 are as follows:

May 31, 1997	\$ 4,708
May 31, 1998	4,937
May 31, 1999	4,784
May 31, 2000	2,061
May 31, 2001	<u>515</u>
	\$ <u>17,005</u>

8. CHANGES IN LONG-TERM OBLIGATIONS

There are no long-term obligations in effect at May 31, 1996.

9. LITIGATION

There is no known litigation pending against the Commission.

10. RELATED PARTY TRANSACTIONS

The Commission currently leases a mini-storage facility for \$50 per month from a Director. Total lease payments for this mini-storage was \$600 for the year ended May 31, 1996. The Commission ceased leasing this facility in May 1996.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

COMBINED BALANCE SHEET

May 31, 1996

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL</u>
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>(MEMORANDUM ONLY)</u>
<u>ASSETS</u>			
Cash	\$ 26,680	\$ -	\$ 26,680
Investments	472,836	-	472,836
Sales Tax Receivable	130,802	-	130,802
Fixed Assets	-	133,353	133,353
Construction In Progress	-	199,275	199,275
Deposits	<u>750</u>	<u>-</u>	<u>750</u>
Total Assets	\$ <u>631,068</u>	\$ <u>332,628</u>	\$ <u>963,696</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 84,726	\$ -	\$ 84,726
Retainage Payable	13,289	-	13,289
Payroll Taxes Withheld and Accrued	<u>4,317</u>	<u>-</u>	<u>4,317</u>
Total Liabilities	<u>102,332</u>	<u>-</u>	<u>102,332</u>
<u>FUND EQUITY</u>			
Investment in General Fixed Assets and Construction In Progress	-	332,628	332,628
Fund Balances Unreserved - undesignated	<u>528,736</u>	<u>-</u>	<u>528,736</u>
Total Fund Equity	<u>528,736</u>	<u>332,628</u>	<u>861,364</u>
Total Liabilities and Fund Equity	\$ <u>631,068</u>	\$ <u>332,628</u>	\$ <u>963,696</u>

See accompanying notes.

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Independent Auditor's Report on Compliance With Laws and Regulations Based
on an Audit of General Purpose Financial Statements Performed in
Accordance With Government Auditing Standards

The Board of Directors of the Saint Tammany
Parish Tourist and Convention Commission
Covington, Louisiana

We have audited the general purpose financial statements of the Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana, for the year ended May 31, 1996, and have issued our report thereon dated November 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana, is the responsibility of its management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management, the Saint Tammany Parish Tourist and Convention Commission, Covington, Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Randy E. Jackson, CPA, ATAC
Mandeville, Louisiana
November 20, 1996

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

May 31, 1996

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SAINT TAMMANY PARISH
TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

FINANCIAL STATEMENTS

Year Ended May 31, 1996

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 DEC 11 1996

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Covington, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended May 31, 1996

REVENUES

Sales tax revenue:		
Parish-collected by Sheriff	\$ 442,030	
Less Sheriff's commission	<u>5,083</u>	\$ 436,947
State - Fund Appropriation		313,209
Interest income		19,388
Membership drive income		2,125
Miscellaneous income		<u>3,466</u>
 Total Revenues		 775,135

EXPENDITURES

Salaries		
Executive director	36,333	
Office assistants	<u>113,216</u>	
Total salaries	149,549	
Payroll taxes	12,557	
Hospitalization and workmen's compensation	13,777	
Auto, liability, and property insurance	2,561	
Rent	12,375	
Utilities	2,937	
Office expense and supplies	9,357	
Office cleaning	1,315	
Equipment rental	1,241	
Capital expenditures	213,001	
Office service and maintenance	1,471	
Postage	11,043	
Telephone/long distance	6,187	
Automobile expenses	4,796	
Professional fees	11,041	
Advertising	51,058	
Collateral material/brochures	27,599	
1-800 telephone service	4,344	
Promotional merchandise	6,509	
Event hosting/fam tours	361	
Trade show costs/registration fees	11,727	
Travel/entertainment (out of state)	18,343	
Local meetings/entertainment (in state)	3,000	
Membership dues and subscriptions	8,432	
Research/educational training/seminars	617	
Special promotion/NTA week/legislative hosting	2,520	
Film commission/film and developing	<u>299</u>	<u>588,017</u>
 Excess of revenues over expenditures		 187,118
Fund Balance - Beginning of Year		<u>341,618</u>
 Fund Balance - End of Year		 \$ <u>528,736</u>

See accompanying notes.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

COMPLIANCE WITH LOUISIANA LAWS
May 31, 1996

Our examination included a test of selected transactions to determine the extent to which the Saint Tammany Parish Tourist and Convention Commission complied with the prescribed laws and regulations of the State of Louisiana.

We noted one instance of failure to comply with Louisiana Public Bid Law regarding goods and services exceeding \$10,000. The goods were not let for bid.

In our opinion, except for the above exception, the Saint Tammany Parish Tourist and Convention Commission complied with the material laws and regulations of the State of Louisiana.

SAINT TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Covington, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended May 31, 1996

11. COMPENSATION PAID DIRECTORS

The Directors did not receive compensation from the Commission for the year ended May 31, 1996.

12. SUBSEQUENT EVENTS

The Commission is currently planning to construct a permanent building on land transferred to the Commission from the Saint Tammany Parish Police Jury. The land, comprising 2.2 acres, was transferred on February 22, 1995 and is located on Highway 59 near Interstate 12. This land has been recorded in the Fixed Assets Account Group at estimated fair market value of \$60,000.

The Commission has recently accepted a bid of \$438,615 to construct a permanent building on this land. Construction is scheduled for completion in December, 1996. Site preparation and change orders are estimated to bring total construction costs to approximately \$583,000. The current year expenditures on this building have been accounted for in the capital expenditures account and total costs through May 31, 1996 are presented in the General Fixed Assets Account Group construction in progress.

13. CONTINGENT LIABILITIES

The Commission is contingently liable to the Saint Tammany Parish Police Jury for the acreage transferred to the Commission per Note 12 above 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 the sale, less improvements, based upon an appraisal to be determined by two independently chosen appraisers.

operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Board of Directors of the Saint Tammany Parish Tourist and Convention Commission. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Andy E. Jackson, CPA, APAC

Mandeville, Louisiana
November 20, 1996