

**TANGIPAHOA PARISH CONVENTION AND VISITORS BUREAU  
HAMMOND, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

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 8/9/06

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2005  
With Supplementary Information Schedules

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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
American Institute of CPA's  
Society of Louisiana CPA's

April 27, 2006

## Independent Auditor's Report

Mr. Ed Hoover, Chairman and  
Members of the Board of Directors  
Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Tangipahoa Parish Convention and Visitors Bureau, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2005, which collectively comprise the Tangipahoa Parish Convention and Visitors Bureau's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Convention and Visitors Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

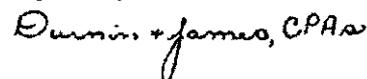
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Tangipahoa Parish Convention and Visitors Bureau as of December 31, 2005, and the respective changes in financial position thereof 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 our report dated April 27, 2006, on our consideration of the Tangipahoa Parish Convention and Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison schedule identified as Schedule 1 on page 23 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Respectfully submitted,



Durnin & James, CPAs  
(A Professional Corporation)

## **Management's Discussion and Analysis**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Management's Discussion and Analysis

December 31, 2005

**Introduction**

Tangipahoa Parish Convention and Visitors Bureau is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Bureau's financial statements and footnotes, which follow this section.

**Financial Highlights**

- Total assets for the year were \$1,924,428 at December 31, 2005, and exceeded liabilities in the amount of \$1,911,020 (i.e., net assets). Of the total net assets, \$1,047,868 was unrestricted and available to support short-term operations, and \$650,000 was designated for capital outlay, with the balance invested in capital assets. On January 24, 2006, an additional \$225,000 of fund balance was designated for the construction of the new building.
- Occupancy fees for the fiscal year ending December 31, 2005 were \$696,974, representing an increase of 108% from the total occupancy fees of \$334,707 for the fiscal year ending December 31, 2004. The increase was due to full occupancy of hotel rooms following Katrina.
- The Bureau's operating expenses decreased by \$119,787 to \$569,167 as compared to \$688,954 for the prior fiscal year. The decrease is due primarily to a decrease in "Capital Outlay" of \$174,029, and a corresponding increase in "Convention Center Expense" of \$34,655.
- Interest income for the fiscal year ended December 31, 2005, totaled \$30,555 representing an increase of \$19,495 from the prior fiscal year.
- As a result of the demand for services, and long-range plans of the Tangipahoa Parish Convention and Visitors Bureau, the Bureau is in the process of receiving bids to construct a new building.

**Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Tangipahoa Parish Convention and Visitors Bureau's financial condition and performance.

The financial statements report information on the Bureau using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Balance Sheet, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The Balance Sheet provides information about the nature and amount of the Bureau's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Bureau and assessing the liquidity and financial flexibility of the Bureau.

The Statement of Revenues, Expenses, and Changes in Net Assets accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year.

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Management's Discussion and Analysis

December 31, 2005

This statement measures the success of the Bureau's operations in a format that can be used to determine if the Bureau has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Bureau's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the Bureau, and schedules detailing audit findings and management response.

**Financial Analysis**

The purpose of financial analysis is to help determine whether Tangipahoa Parish Convention and Visitors Bureau is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Bureau. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Condensed Balance Sheet**

	December 31, 2005	December 31, 2004	Dollar Change	Percent Change
Current and Other Assets	\$ 1,711,276	\$ 896,367	\$ 814,909	90.91%
Capital Assets	213,152	500,491	(287,339)	-57.41%
Total Assets	<u>\$ 1,924,428</u>	<u>\$ 1,396,858</u>	<u>\$ 527,570</u>	<u>37.77%</u>
Current Liabilities	\$ 13,408	\$ 15,161	\$ (1,753)	-11.56%
Total Liabilities	<u>\$ 13,408</u>	<u>\$ 15,161</u>	<u>\$ (1,753)</u>	<u>-11.56%</u>
Invested in Capital Assets, Net of Related Debt	\$ 213,152	\$ 500,491	\$ (287,339)	-57.41%
Designated for Capital Activity	650,000	650,000	-	-
Unrestricted	1,047,868	231,206	816,662	353.22%
Total Net Assets	<u>\$ 1,911,020</u>	<u>\$ 1,381,697</u>	<u>\$ 529,323</u>	<u>38.31%</u>
Total Liabilities and Net Assets	<u>\$ 1,924,428</u>	<u>\$ 1,396,858</u>	<u>\$ 527,570</u>	<u>37.77%</u>

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Management's Discussion and Analysis

December 31, 2005

The major components of change for "Current and Other Assets" are a \$125,361 increase in cash, a \$140,028 increase in receivables, and a \$549,520 increase in investments.

"Capital Assets decreased by \$287,339, reflecting the sale of property with an original cost of \$283,765, plus the depreciation recorded on capital assets of \$4,353 and total purchases of capital assets of \$779 for the fiscal year ending December 31, 2005.

"Total Net Assets" (total assets less total liabilities) increased by \$529,323 for the fiscal year ending December 31, 2005, primarily because of the increase to "Current and Other Assets" of \$814,909 and the related decrease in "Capital Assets" of \$287,339.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

	December 31, 2005	December 31, 2004	Dollar Change	Percent Change
<b>Revenues:</b>				
Operating Revenues	\$ 1,005,273	\$ 625,402	\$ 379,871	60.74%
Nonoperating Revenues	96,790	11,060	85,730	775.14%
<b>Total Revenues</b>	<b>\$ 1,102,063</b>	<b>\$ 636,462</b>	<b>\$ 465,601</b>	<b>73.15%</b>
<b>Expenses:</b>				
Depreciation Expense	\$ 4,353	\$ 4,664	\$ 311	6.67%
Other Operating Expenses	568,388	514,146	(54,242)	-10.55%
<b>Total Expenses</b>	<b>\$ 572,741</b>	<b>\$ 518,810</b>	<b>\$ (53,931)</b>	<b>-10.40%</b>
<b>Changes in Net Assets</b>	<b>\$ 529,322</b>	<b>\$ 117,652</b>	<b>\$ 411,670</b>	<b>349.90%</b>
Beginning Net Assets	1,381,698	1,264,045	117,653	9.31%
Ending Net Assets	\$ 1,911,020	\$ 1,381,697	\$ 529,323	38.31%

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of how the Tangipahoa Parish Convention and Visitors Bureau is being conservatively managed. Total "Operating Revenues" increased by \$379,871 (60.74%). Nonoperating Revenues, consisting of interest income and the sale of property, increased by \$85,730 reflecting an increase in cash deposited. Total expenses increased by \$53,931 from the prior fiscal year. "Depreciation Expense" decreased for fiscal year ending December 31, 2005. For the category of expense most controllable by the Bureau, "Other Operating Expense", there was a \$54,242 increase from the prior year. "Other Operating Expense" includes expenditures for operations, other than for "Depreciation Expense". The increase was due primarily to an increase in "Convention Center Expense" of \$34,655.

The Bureau showed an income of \$529,322 for the fiscal year ended December 31, 2005, as compared to an income of \$117,652 for the fiscal year ended December 31, 2004.

Tangipahoa Parish Convention and Visitors Bureau  
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Management's Discussion and Analysis

December 31, 2005

**Budgetary Highlights**

Tangipahoa Parish Convention and Visitors Bureau adopts an annual operating budget in accordance with requirements of the provisions of Louisiana R.S. 33.4574.2. The Bureau prepares and submits its annual budget to the Parish Council for approval. The Parish Council approves the budget through the adoption of a Parish ordinance. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the Bureau. The operating budget is adopted before the end of the prior fiscal year, and is amended after review of monthly budget-to-actual financial reports, by approval of the Parish Council. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 – Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

**Budget vs. Actual - Fiscal Year Ended December 31, 2005**

	Budget for December 31, 2005	Actual for December 31, 2005	Favorable (Unfavorable) Variance
<b>Revenues:</b>			
Operating	\$ 695,060	\$ 1,005,273	\$ 310,213
Nonoperating	15,000	380,555	365,555
<b>Total Revenues</b>	<b>\$ 710,060</b>	<b>\$ 1,385,828</b>	<b>\$ 675,768</b>
<b>Operating Expenses:</b>			
Salaries and Related Benefits	\$ 205,500	\$ 196,846	\$ 8,654
Payroll Taxes	5,000	3,493	1,507
Advertising and Promotion	265,000	256,579	8,421
Automobile	13,324	12,874	450
Convention Center Expense	150,000	34,655	115,345
Dues / Subscriptions	5,500	5,800	(300)
Insurance	3,800	2,532	1,268
Office Supplies	8,500	9,576	(1,076)
Operating Leases	3,200	2,896	304
Professional Fees	9,000	7,995	1,005
Repairs & Maintenance	7,000	7,918	(918)
Travel	15,000	9,931	5,069
Utilities	11,600	13,342	(1,742)
Other	7,000	3,951	3,049
Capital Outlay	700,000	779	699,221
<b>Total Expenses</b>	<b>\$ 1,409,424</b>	<b>\$ 569,167</b>	<b>\$ 840,257</b>
<b>Income / (Loss)</b>	<b>\$ (699,364)</b>	<b>\$ 816,661</b>	<b>\$ 1,516,025</b>

Tangipahoa Parish Convention and Visitors Bureau  
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Management's Discussion and Analysis

December 31, 2005

"Nonoperating Revenues" exceeded budgeted amounts by \$365,555 due to the sale of property of \$350,000. The investment of the funds from the sale and the increase in revenues increased interest income. "Operating Revenues" exceeded budgeted amounts by \$310,213 primarily due to an increase in occupancy tax following Katrina. "Capital Outlay" was under budget by \$699,221 since original budgeted amounts included the construction of a new building. "Convention Center Expense" was under budget by \$115,345. These factors resulted in a positive variation of \$1,516,025 below budget.

**Other Significant Trends and Account Changes**

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the Bureau. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

**General Operating Data**

	December 31, 2005	December 31, 2004	Increase (Decrease)
Occupancy Tax:			
Parish	\$ 696,974	\$ 334,707	\$ 362,267
State	339,925	285,489	54,436
Total	<u>\$ 1,036,899</u>	<u>\$ 620,196</u>	<u>\$ 416,703</u>

**Capital Assets**

At the end of the fiscal year ending December 31, 2005, Tangipahoa Parish Convention and Visitors Bureau had \$213,152 (net of accumulated depreciation) recorded in capital assets. This includes land, equipment, and buildings. The changes in capital assets are presented in the table below.

	December 31, 2005	December 31, 2004	Dollar Change	Percent Change
Land	\$ 165,871	\$ 449,636	\$ (283,765)	-63.11%
Buildings	72,196	72,196	-	-
Equipment	64,020	63,241	779	1.23%
Subtotal	\$ 302,087	\$ 585,073	\$ (282,986)	-48.37%
Less: Accumulated Depreciation	\$ 88,935	\$ 84,582	\$ 4,353	5.15%
Net Capital Assets	<u>\$ 213,152</u>	<u>\$ 500,491</u>	<u>\$ (287,339)</u>	<u>-57.41%</u>

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Management's Discussion and Analysis

December 31, 2005

**Future Economic Plans**

The Tangipahoa Parish Convention and Visitors Bureau's management approach is conservative. The Board of Commissioners actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. The Bureau is in the process of receiving bids for the construction of a new building. The construction of the project is anticipated to be completed by December 31, 2006.

## **Basic Financial Statements**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Exhibit A

Governmental Fund Balance Sheet / Statement of Net Assets

December 31, 2005

	General Fund	Adjustments (Note 1)	Statement of Net Assets
<b>Assets</b>			
Cash and Cash Equivalents	\$ 304,364	\$ -	\$ 304,364
Receivables, Net of Allowance for Uncollectible Accounts	290,831	-	290,831
Investments	1,116,081	-	1,116,081
Capital Assets, Net of Accumulated Depreciation	-	213,152	213,152
 Total Assets	 \$ 1,711,276	 \$ 213,152	 \$ 1,924,428
 <b>Liabilities</b>			
Accounts Payable	\$ 3,621	\$ -	\$ 3,621
Payroll Taxes Payable	9,787	-	9,787
 Total Liabilities	 \$ 13,408	 \$ -	 \$ 13,408
 <b>Fund Equity / Net Assets</b>			
Investment in Capital Assets, Net of Related Debt	\$ -	\$ 213,152	\$ 213,152
Fund Balance:			
Unreserved, Undesignated	1,047,868	-	1,047,868
Unreserved, Designated	650,000	-	650,000
 Total Fund Equity / Net Assets	 \$ 1,697,868	 \$ 213,152	 \$ 1,911,020

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in  
Fund Balance / Statement of Activities

For the Year Ended December 31, 2005

	General Fund	Adjustments (Note 1)	Statement of Activities
<b>Expenditures / Expenses</b>			
Current:			
Salaries and Related Benefits	\$ (200,339)	\$ -	\$ (200,339)
Advertising & Promotion	(256,579)	-	(256,579)
Automobile	(12,874)	-	(12,874)
Commissioner Related	(1,692)	-	(1,692)
Convention Center Expense	(34,655)	-	(34,655)
Dues / Subscriptions	(5,800)	-	(5,800)
Insurance	(2,532)	-	(2,532)
Office Supplies	(9,576)	-	(9,576)
Operating Leases	(2,896)	-	(2,896)
Professional Fees	(7,995)	-	(7,995)
Rent House Expense	(2,259)	-	(2,259)
Repairs & Maintenance	(7,918)	-	(7,918)
Travel (Local)	(9,931)	-	(9,931)
Uniforms	-	-	-
Utilities	(13,342)	-	(13,342)
Capital Outlay	(779)	779	-
Depreciation Expense	-	(4,353)	(4,353)
Total Expenditures / Expenses	\$ (569,167)	\$ (3,574)	\$ (572,741)
<b>General Revenues:</b>			
Taxes, Net of Collection Fees	\$ 662,125	\$ -	\$ 662,125
Intergovernmental	339,925	-	339,925
Interest	30,555	-	30,555
Sale of Property	350,000	(283,765)	66,235
Other	3,223	-	3,223
Total General Revenues	\$ 1,385,828	\$ (283,765)	\$ 1,102,063
Excess (Deficiency) of Revenues Over Expenditures	\$ 816,661	\$ (287,339)	\$ 529,322
Fund Balance - Beginning of the Year	\$ 881,207	\$ 500,491	\$ 1,381,698
Fund Balance - End of the Year	\$ 1,697,868	\$ 213,152	\$ 1,911,020

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Convention and Visitors Bureau  
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Notes to the Financial Statements

For the Year Ended December 31, 2005

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Notes to the Financial Statements

For the Year Ended December 31, 2005

**Narrative Profile**

The Tangipahoa Parish Convention and Visitors Bureau (hereafter referred to as "TPCVB") was created by Ordinance No. 79-12-1 of the Tangipahoa Parish Council (hereafter referred to as "Parish Council") as provided by Louisiana Revised Statutes 33:4574-4574.3. The purpose and duties of the TPCVB are to promote tourism within Tangipahoa Parish. The TPCVB is governed by a board of eight directors appointed by the Parish Council for three-year terms.

To fund the operations of the TPCVB, a four percent tax upon the rental or fee charged for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the Parish of Tangipahoa. The Sheriff of Tangipahoa Parish acts as collecting agent for the tax for a fee of five percent of the taxes collected. The TPCVB presently has four (4) full-time employees and three (3) part-time which staff a full-time tourist information center in Hammond, Louisiana.

The accounting and reporting policies of the TPCVB conform to generally accepted accounting principles as applicable to governments. Such accounting and procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, *Audits of State and Local Governmental Units*.

**1. Summary Of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying basic financial statements of the TPCVB have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

**B. Financial Reporting Entity**

As the governing authority of the parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (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 Tangipahoa Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

Tangipahoa Parish Convention and Visitors Bureau  
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Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the council to impose its will on that organization and / or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
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.

Because the council appoints the board members, the TPCVB was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the TPCVB and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

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

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Governmental Funds*

**General Fund** – The General Fund is the general operating fund of the TPCVB. It is used to account for all financial resources, except those required to be accounted for in another fund.

**D. Basis of Accounting**

The amounts reflected in the Governmental Funds of Exhibits A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the TPCVB's operations.

The amounts reflected in the Governmental Funds of Exhibits A and B use 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 both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The TPCVB considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund

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Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Hotel / motel taxes are considered "measurable" when in the hands of the collecting agency and are recorded as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reduction of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Interest income represents amounts earned on checking accounts and investments with financial institutions. Interest earned on checking accounts and investments is recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are not recognized until due.

**E. Government-Wide Financial Statements**

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the TPCVB as a whole. These statements include all the financial activities of the TPCVB. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and the Statement of Net Assets (Exhibit A) for the year ended December 31, 2005 is as follows:

Exhibit B	
Capitalization of Capital Assets	\$ 779
Recording of Depreciation Expense	(4,353)
Adjustment to Income from Property Sale for Basis of Land	(283,765)
	(287,339)
Adjustment to Beginning Fund Balance for Prior Year Capital Assets	500,491
Net Effect of Changes	\$ 213,152
Exhibit A	
Recording of Net Capital Assets	\$ 213,152
Net Effect of Changes	\$ 213,152

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

F. Budgetary Practices

In accordance with provisions of Louisiana R.S. 33:4574.2, the TPCVB prepared and submitted its annual budget to the Tangipahoa Parish Council for approval. The Tangipahoa Parish Council approves the annual budget submitted by the TPCVB through the adoption of a parish ordinance. Amendments to the adopted budget require approval of the Parish Council in the same manner as the adoption of the original budget. The TPCVB prepares its budget on the modified accrual basis of accounting. The budgets presented in these financial statements are as originally adopted, or amended, if applicable.

G. Encumbrances

The TPCVB does not utilize encumbrance accounting.

H. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the TPCVB may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the TPCVB 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 original cost. See note 3 regarding cash, cash equivalents, and investments, for further information regarding cash and investments.

I. Inventories

The TPCVB uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The TPCVB did not record inventory at December 31, 2005.

J. Prepaid Items

The TPCVB did not record any prepaid items at December 31, 2005.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which capital asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Assets and the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

Description	Estimated Lives
Furniture	7
Equipment	5
Buildings	40

**L. Compensated Absences**

The TPCVB's policy is to allow employees vacation pay based on length of service. All full-time employees are entitled to one-week vacation after one full year of service, two weeks after two full years of service, and three weeks after ten full years of service. Vacation leave not taken cannot be accrued, and must be taken in the anniversary year it is acquired. Upon separation from service, employees are paid at their current rate of pay for any accrued vacation leave.

Sick leave is cumulative at the rate of one day of sick leave for each month of continuous employment until a maximum of 180 days has accumulated. Upon separation of service, no more than ten days of accumulated sick pay will be compensated.

Compensatory Time – K-Time shall be calculated at one and one-half hours for each hour of overtime earned. Employees may accumulate compensatory time until the balance reaches 173 hours. Subsequent overtime earned must be paid as overtime and no longer accumulated as compensatory time. Upon separation from service, compensatory time is payable at the employee's current rate of pay.

Total unused benefit time was considered immaterial at December 31, 2005 and has not been reflected in these financial statements.

**M. Long-Term Obligations**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

**2. Taxes Receivable**

Taxes receivable at December 31, 2005, consisted of the following:

4% Hotel, Motel, and Campground Taxes	
due from Tangipahoa Parish Sheriff	\$ 188,174
Act 16 - State Sales Tax Dedication	100,357
Accrued Interest Receivable	2,300
Less: Allowance for Uncollectible Accounts	-
Total Amounts Due	<u>\$ 290,831</u>

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

**3. Cash, Cash Equivalents, and Investments**

Cash includes amounts in demand deposits, interest bearing demand deposits, and 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 TPCVB 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.

As reflected on Exhibit A, the TPCVB has cash totaling \$304,364 and investments totaling \$1,116,081 at December 31, 2005. 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 bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the TPCVB. The following is a summary of cash and investments (bank balances) at December 31, 2005, with the related federal deposit insurance and pledge securities:

<b>Bank Balances:</b>	
Insured (FDIC Insurance)	\$ 300,000
<b>Collateralized:</b>	
Collateral held by TPCVB's agent in the TPCVB's name	-
Collateral held by pledging bank's trust department in the TPCVB's name	-
Collateral held by pledging bank's trust department not in the TPCVB's name	1,035,692
Uninsured and Uncollateralized	<u>116,080</u>
<b>Total Deposits</b>	<b><u>\$ 1,451,772</u></b>

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the TPCVB's deposits may not be returned to it. The TPCVB does not have a deposit policy for custodial risk. As of December 31, 2005, \$1,151,772 of the government's bank balance of \$1,451,772 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 116,080
Uninsured and collateral held by pledging bank trust department not in the TPCVB's name	<u>1,035,692</u>
<b>Total</b>	<b><u>\$ 1,151,772</u></b>

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the TPCVB that the fiscal agent has failed to pay deposited funds upon demand.

As of December 31, 2005, the TPCVB did not comply with state law, which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

**4. Capital Assets**

A summary of the changes in capital assets follows:

Description	Balance 12/31/04	Increases	Decreases	Balance 12/31/05
Capital Assets Not Depreciated:				
Land	\$ 449,636	\$ -	\$ 283,765	\$ 165,871
Other Capital Assets:				
Equipment	63,241	779	-	64,020
Buildings	72,196	-	-	72,196
Total Other Capital Assets	\$ 135,437	\$ 779	\$ -	\$ 136,216
Less: Accumulated Depreciation	\$ 84,582	\$ 4,353	\$ -	\$ 88,935
Other Capital Assets, Net	\$ 50,855	\$ (3,574)	\$ -	\$ 47,281
Total	<u>\$ 500,491</u>	<u>\$ (3,574)</u>	<u>\$ 283,765</u>	<u>\$ 213,152</u>

**5. Pension Plan**

Substantially all employees of the Tangipahoa Parish Convention and Visitors Bureau are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing multiple-employer (defined benefit), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the TPCVB are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

Funding Policy. Plan members are required by state statute to contribute 9.5 percent of their annual covered salary and the TPCVB is required to contribute at an actuarially determined rate. The current rate is 12.75 percent of annual covered payroll. Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Tangipahoa Parish Convention and Visitors Bureau's contributions to the System for the years ending December 31, 2005, 2004, and 2003 were \$28,040, \$25,702, and \$19,885 respectively, equal to the required contributions for each year.

**6. Other Postemployment Benefits**

The TPCVB has no other postemployment benefits.

**7. Leases**

On June 29, 1983, the TPCVB entered into an agreement with the Parish Council to lease a parcel of land located in Hammond, Louisiana, for a period of twenty years for the purpose of erecting a building to be used as an office for the TPCVB and a Tourist Information Center. The only consideration for this lease is the benefit to the public and citizens of Tangipahoa Parish to be derived from the use of the premises. The lease is renewable for an additional term of twenty years upon written request by the TPCVB. A construction project for the erection of the building was begun in 1983 but was subsequently abandoned in 1984 at which time the startup costs of the project were written off. In 1989, the TPCVB erected a new building on this site and relocated its office in June 1989.

In addition, the TPCVB is leasing a copier under a five-year operating lease, expiring in May 2006.

The TPCVB is leasing a Pitney Bowes Postage Meter under a fifty-one month operating lease, which expired in February 2002. The lease has been continued on a month-to-month basis as if the lease had not expired.

Also, the TPCVB is leasing an automobile under a three-year operating lease, expiring in August 2006.

The following is a schedule of future minimum lease payments required under the above operating leases as of December 31, 2005:

<u>Year Ending December 31</u>	<u>Amount</u>
2006	\$ 7,719
2007	2,524
2008	<u>2,524</u>
	<u>\$ 12,767</u>

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2005

Lease payments amounted to \$10,688 in 2005.

**8. Per Diem Paid Board Members**

For the year ended December 31, 2005, no per diem or other compensation was paid to the Board members of the TPCVB.

**9. Designations of Fund Balance**

Unreserved fund balance in the amount of \$650,000 has been designated for Capital Outlay, to fund the anticipated construction of a new tourist information center.

**10. Subsequent Events**

On January 24, 2006, the TPCVB designated an additional \$225,000 from the existing fund balance to be used for landscaping, a parking lot, and new furniture for the new tourist information center to be constructed during 2006.

The TPCVB is in the process of receiving bids for the construction of a new tourist information center. These bids are expected to be received and opened during June 2006. The construction of this new facility is scheduled to be completed prior to December 31, 2006. The total cost of this project is anticipated to be approximately \$1,000,000 and will be financed primarily through the use of \$875,000 of previously dedicated fund balance.

**Required Supplemental Information**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Schedule 1

Budgetary Comparison Schedule

For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 450,000	\$ 450,000	\$ 696,974	\$ 246,974
Less: Collection Fee	(22,500)	(22,500)	(34,849)	(12,349)
Intergovernmental	260,000	260,000	339,925	79,925
Interest	15,000	15,000	30,555	15,555
Sale of Property	-	-	350,000	350,000
Other	7,560	7,560	3,223	(4,337)
<b>Total Revenues</b>	<b>\$ 710,060</b>	<b>\$ 710,060</b>	<b>\$ 1,385,828</b>	<b>\$ 675,768</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Salaries and Related Benefits	\$ 188,000	\$ 188,000	\$ 179,514	\$ 8,486
Payroll Taxes	5,000	5,000	3,493	1,507
Retirement	17,500	17,500	17,332	168
Advertising & Promotion	265,000	265,000	256,579	8,421
Automobile	13,324	13,324	12,874	450
Commissioner Related	2,000	2,000	1,692	308
Convention Center Expense	150,000	150,000	34,655	115,345
Dues / Subscriptions	5,500	5,500	5,800	(300)
Insurance	3,800	3,800	2,532	1,268
Office Supplies	8,500	8,500	9,576	(1,076)
Operating Leases	3,200	3,200	2,896	304
Professional Fees	9,000	9,000	7,995	1,005
Rent House Expense	4,500	4,500	2,259	2,241
Repairs & Maintenance	7,000	7,000	7,918	(918)
Travel (Local)	15,000	15,000	9,931	5,069
Uniforms	500	500	-	500
Utilities	11,600	11,600	13,342	(1,742)
Capital Outlay	700,000	700,000	779	699,221
<b>Total Expenditures</b>	<b>\$ 1,409,424</b>	<b>\$ 1,409,424</b>	<b>\$ 569,167</b>	<b>\$ 840,257</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (699,364)</b>	<b>\$ (699,364)</b>	<b>\$ 816,661</b>	<b>\$ 1,516,025</b>
<b>Fund Balance - Beginning of the Year</b>	<b>\$ 745,800</b>	<b>\$ 745,800</b>	<b>\$ 881,207</b>	<b>\$ 135,407</b>
<b>Fund Balance - End of the Year</b>	<b>\$ 46,436</b>	<b>\$ 46,436</b>	<b>\$ 1,697,868</b>	<b>\$ 1,651,432</b>

See auditor's report.

**Other Independent Auditor's Reports and  
Findings and Recommendations**

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA

Member  
American Institute of CPA's  
Society of Louisiana CPA's

April 27, 2006

Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Mr. Ed Hoover, Chairman and  
Members of the Board of Directors  
Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Tangipahoa Parish Convention and Visitors Bureau, Hammond, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements and have issued our report thereon dated April 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

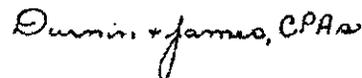
In planning and performing our audit, we considered Tangipahoa Parish Convention and Visitors Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tangipahoa Parish Convention and Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 one instance of non-compliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and recommendations as item 05-01.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Durnin & James, CPAs  
(A Professional Corporation)

## **Findings and Recommendations**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Current Year Audit Findings  
For the Year Ended December 31, 2005

Schedule of Findings and Recommendations

**Internal Control over Financial Reporting**

None

**Compliance and Other Matters**

**05-01 – Compliance with Fiscal Agency and Cash Management Laws**

During our audit and testing of cash, we noted that the Tangipahoa Parish Convention and Visitors Bureau failed to comply with certain provisions of the fiscal agency and cash management requirements of state law, (LSA-RS 39:1211-45). The requirements of the fiscal agency and cash management laws and the manner in which the Tangipahoa Parish Convention and Visitors Bureau failed to comply are as follows:

**Finding:**

State law, (LSA-RS 39:1211-45) requires the Tangipahoa Parish Convention and Visitors Bureau to fully collateralize at all times the it's cash balances with the fiscal agent bank by requiring the fiscal agent bank to pledge securities for the benefit of TPCVB sufficient to cover any uninsured cash balances in the fiscal agent bank. As of December 31, 2005, the uninsured cash balances in the Tangipahoa Parish Convention and Visitors Bureau's fiscal agent bank exceeded the amount of securities pledged for the benefit of Tangipahoa Parish Convention and Visitors Bureau by \$116,080 in violation of state law.

**Recommendation:**

We recommend the Assistant Director prepare a schedule on a monthly basis to compare the cash balances in the Tangipahoa Parish Convention and Visitors Bureau's fiscal agent bank to the amount of securities pledged for the benefit of the TPCVB to determine the adequacy of the pledged securities. The Assistant Director should immediately require the fiscal agent bank to pledge additional securities to the benefit of the Tangipahoa Parish Convention and Visitors Bureau's in instances when the amount of pledged securities does not exceed the amount of uninsured balances in the fiscal agent bank.

**Management's Response:**

The Assistant Director will prepare a document to compare the Tangipahoa Parish Convention and Visitors Bureau's fiscal agent bank(s) cash balances to the amount of pledged securities for the account(s) at each fiscal agent bank(s). Should the pledged securities be inadequate, the Assistant Director will immediately contact the appropriate fiscal agent bank(s) to require additional pledge securities for the account(s). The Assistant Director will also prepare a monthly report pertaining to the cash balances and pledged securities for each fiscal agent bank. This report will be available for review by the Executive Director and Board of Directors.

**Corrective Action Plan for Current Year Audit Findings**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Corrective Action Plan for Current Year Audit Findings

For the Year Ended December 31, 2005

<u>Ref. #</u>	<u>Description of Findings</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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**Internal Control Findings**

None

**Compliance Findings**

05-01	Compliance with Fiscal Agency and Cash Management Laws	Require bank to pledge additional securities and monitor on a monthly basis	Sarah Lea	June 30, 2006
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***Note: This schedule has been prepared by the management of the Tangipahoa Parish Convention and Visitors Bureau.***

**Summary Schedule of Prior Audit Findings**

Tangipahoa Parish Convention and Visitors Bureau  
Hammond, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2005

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Planned Corrective Action - Partial Corrective Action Taken
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Compliance

None

Internal Control over Financial Reporting

None

*Note: This schedule has been prepared by the management of the Tangipahoa Parish Convention and Visitors Bureau.*