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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**FINANCIAL STATEMENTS AND SCHEDULES**

**JUNE 30, 2017**

**WITH INDEPENDENT AUDITORS' REPORT THEREON**

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Postlethwaite & Netterville

A Professional Accounting Corporation

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**TABLE OF CONTENTS**

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1 - 3
Management's Discussion and Analysis		4 - 14
Statements of Net Position		15
Statements of Revenues, Expenses, and Changes in Net Position		16
Statements of Cash Flows		17
Notes to Financial Statements		18 - 33
Required Supplemental Information – Schedule of Funding Progress for Louisiana's State OPEB Plan	1	34
Supplemental Information – Schedules of Operating Expenses	2	35
Supplemental Information – Schedule of Compensation, Benefits and Other Payments to Agency Head	3	36
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		37 - 38

## **Independent Auditors' Report**

The Board of Commissioners  
New Orleans City Park Improvement Association:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Park's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the Schedule of Funding Progress for Louisiana's State OPEB Plan on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprises the Park's basic financial statements. The supplementary information included in the Schedule of Operating Expenses on page 35 and Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 36 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

New Orleans, Louisiana  
December 27, 2017

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

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

#### **June 30, 2017 and 2016**

This section of the New Orleans City Park Improvement Association (the Park) financial report presents a discussion and analysis of the Park's financial performance during the year ended June 30, 2017 and 2016. Please read it in conjunction with the Park's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

##### 2017 Highlights

The Park's net position represents approximately 85% of total assets of approximately \$98.1 million at June 30, 2017. At June 30, 2016, the Park's net position approximated 91% of total assets of approximately \$83.6 million.

The Park's increase in net position was approximately \$7.2 million for the year ended June 30, 2017 as compared to an increase of approximately \$14.7 million for the year ended June 30, 2016. In addition, the Park's cash used in operating activities was approximately \$1.8 million in 2017 as compared to cash used in operating activities of approximately \$1.3 million in 2016.

##### 2016 Highlights

The Park's net position represents approximately 91% of total assets of approximately \$83.6 million at June 30, 2016. At June 30, 2015, the Park's net position approximated 90% of total assets of approximately \$67.8 million.

The Park's increase in net position was approximately \$14.7 million for the year ended June 30, 2016 as compared to an increase of approximately \$3.1 million for the year ended June 30, 2015. In addition, the Park's cash used in operating activities was approximately \$1.3 million in 2016 as compared to cash used in operating activities of approximately \$1.2 million in 2015.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the Park's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

Management's Discussion and Analysis, continued

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>
Current assets	\$ 6,513,048	\$ 6,961,501	\$ (448,453)
Investments, non-current	5,333,008	4,604,389	728,619
Capital assets	86,257,361	72,050,398	14,206,963
<b>Total assets</b>	<b>\$ 98,103,417</b>	<b>\$ 83,616,288</b>	<b>\$ 14,487,129</b>
Current liabilities	\$ 4,061,317	\$ 4,350,216	\$ (288,899)
Other postretirement benefits	2,411,000	3,280,000	(869,000)
<b>Total liabilities</b>	<b>6,472,317</b>	<b>7,630,216</b>	<b>(1,157,899)</b>
Deferred inflows of resources	8,452,669	-	8,452,669
<b>Total deferred inflows of resources</b>	<b>8,452,669</b>	<b>-</b>	<b>8,452,669</b>
Net position			
Net investment in capital assets	86,257,361	72,050,398	14,206,963
Restricted	5,932,067	5,264,673	667,394
Unrestricted	(9,010,997)	(1,328,999)	(7,681,998)
<b>Total net position</b>	<b>83,178,431</b>	<b>75,986,072</b>	<b>7,192,359</b>
	<b>\$ 98,103,417</b>	<b>\$ 83,616,288</b>	<b>\$ 14,487,129</b>

The Park's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenue, Expenses and Changes in Net position. All assets, liabilities and deferred inflows of resources associated with the operation of the Park are included in the Statements of Net Position.

The Statements of Net Position reports the Park's net position. Net position, the difference between the Park's assets, liabilities and deferred inflows of resources, is one way to measure the Park's financial health or Position. The increase in the Park's net position in 2017 over 2016 is an indicator of its positive financial health.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2017 and 2016

#### FINANCIAL ANALYSIS OF THE PARK – 2017

##### **Net Position**

The Park's total net position at June 30, 2017 increased 9% to approximately \$83.2 million (See Table A-1). Total assets increased 17% to approximately \$98.1 million, and total liabilities decreased 15% to approximately \$6.5 million. In addition, the Park reported deferred inflows of resources of approximately \$8.5 million at June 30, 2017. The deferred inflow of resources related to a capital contribution made by the Bayou District Foundation (BDF) to fund a portion of the improvements to the South Course at Bayou Oaks under a service concession arrangement between the Park and BDF. The increase in net position is mainly attributable to the purchase of property and equipment funded through \$7.9 million in public and private capital contributions.

Total current assets decreased by approximately \$500,000, which was partially offset by a decrease in current liabilities of approximately \$300,000 which resulted in a decrease in working capital of \$100,000. Unrestricted cash decreased by approximately \$1.9 million as the Park invested approximately \$1.4 million into the Louisiana Asset Management Pool (LAMP). The other \$500,000 decrease related to financing the higher level of receivables and incurring slightly higher than budgeted capital expenditures during the year. Restricted cash decreased by approximately \$600,000 related to funds contributed by the City for construction of the Arrival Garden with an unexpended balance of approximately \$500,000 at June 30, 2016 that were fully expended at June 30, 2017. The State of Louisiana's Facility Planning and Control (FP&C) through a combination of funds from State capital outlay and FEMA project worksheets completed construction of a championship quality golf course to replace the East and West Courses destroyed by Hurricane Katrina. In addition, the Children's Museum began construction of their Early Learning Village. Capital expenditures from public and private sources of \$7.9 million, a deferred inflow of resources by the BDF of approximately \$8.4 million along with TIF and Park's share of capital purchases of approximately \$1.4 million exceeded depreciation of \$3.8 million, which accounted for substantially all of the \$14.2 million increase in assets. Contributions and investment returns on the Park's permanent endowment of approximately \$700,000 accounted for most of the rest of the increase in Park assets.

Total liabilities decreased by approximately \$1.2 primarily due to the decreases of approximately \$900,000 and \$500,000 in other postemployment benefits (OPEB) and amounts due to other governments, respectively. The decrease in OPEB was primarily due to an actuarial adjustment by the Actuary engaged by the State to estimate the liability in accordance with GASB 45 (see Note 10). The reduction in due to other governments related to unexpended capital funds advanced by the City of New Orleans to build the Entrance garden in the Botanical Gardens. The liability was recognized as a capital contribution after the project was completed during the year.

Net position grew by approximately \$7.2 million as explained in the following section. Net investments in capital assets reflect capital assets, net of accumulated depreciation. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Management's Discussion and Analysis, continued**

**June 30, 2017 and 2016**

**Changes in Net Position**

The change in net position for the year ended June 30, 2017 was an increase of approximately \$7.2 million compared to an increase in net position of approximately \$14.7 million for the year ended June 30, 2016. Total operating revenues decreased by approximately \$100,000 to \$13.4 million for the year ended June 30, 2017, compared to \$13.5 million in the year ended June 30, 2016. Recreational services (Amusement Park, Storyland and City Putt), related concessions and special events decreased by approximately \$600,000, or 9%, in fiscal year 2017 to approximately \$6.3 million mostly from a one-time special event, China Lights in the Botanical Gardens that occurred during the spring of the prior year. Catering revenues increased by approximately \$200,000.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

Management's Discussion and Analysis, continued

June 30, 2017 and 2016

<b>TABLE A-2</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
Statements of Revenues, Expenses and Changes in Net Position			
For the years ended June 30, 2017 and 2016			
	<u>2017</u>	<u>2016</u>	<b>Increase (Decrease)</b>
Operating Revenues:			
Recreational services and events	\$ 6,260,170	\$ 6,896,367	\$ (636,197)
Catering, restaurant and gift shop	3,720,021	3,483,036	236,985
Golf operations	1,052,603	896,581	156,022
Horticulture, grounds and pavilion	992,368	849,822	142,546
Athletic services and tennis	1,340,869	1,369,882	(29,013)
Total operating revenues	<u>13,366,031</u>	<u>13,495,688</u>	<u>(129,657)</u>
Operating expenses:			
Recreational services and events	3,359,347	3,640,455	(281,108)
Catering, restaurant and gift shop	2,738,210	2,800,888	(62,678)
Golf operations	636,318	1,116,676	(480,358)
Horticulture and grounds	1,250,119	1,154,890	95,229
Athletic services and tennis	1,193,722	1,181,785	11,937
General park	5,702,927	5,651,194	51,733
Depreciation	3,817,668	3,390,500	427,168
Other postretirement benefit expense	(869,000)	420,600	(1,289,600)
Total operating expenses	<u>17,829,311</u>	<u>19,356,988</u>	<u>(1,527,677)</u>
Operating loss	(4,463,280)	(5,861,300)	1,398,020
Nonoperating income	3,473,572	3,227,331	246,241
Capital contributions	7,853,897	16,425,646	(8,571,749)
Additions to permanent endowment	328,170	860,791	(532,621)
Changes in net position	7,192,359	14,652,468	(7,460,109)
Total net position, beginning of the year	<u>75,986,072</u>	<u>61,333,604</u>	<u>14,652,468</u>
Total net position, end of the year	<u>\$ 83,178,431</u>	<u>\$ 75,986,072</u>	<u>\$ 7,192,359</u>

Operating expenses decreased by approximately \$1.5 million in fiscal year 2017 compared to fiscal year 2016. In addition to the aforementioned decrease in the OPEB liability that reduced post-employment benefit costs by approximately \$900,000, golf operations and recreational services decreased by approximately \$500,000 and \$300,000, respectively. Lower costs in recreational services related to the one-time effect of China Lights, while the reduction in golf related to the application of GASB 60. Under GASB 60, the Park accounts for its cooperative endeavor agreement (CEA) with BDF as a service concession arrangement. Consequently, the Park recognizes only its

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Management's Discussion and Analysis, continued**

**June 30, 2017 and 2016**

share of the net revenue, which excludes the expenses of operating facility and the BDF's share of the net income. This accounting treatment reduced reported golf revenues and expenses by approximately \$1.1 million on a pro forma basis in comparison to 2016 (See Note 13). The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

Non-operating income and expenses increased by approximately \$200,000 or 8%. Investment gains on the Parks endowment increased by \$400,000 as a result of strength in financial markets that was partially offset by a reduction of approximately \$200,000 in donations.

Capital contributions decreased by approximately \$8.6 million, or 52%, primarily due from the accounting treatment of the BDF's contribution to the golf project accounting under GASB 60. While the level of capital expenditures was relatively unchanged as compared to the prior year, the \$8.7 million contributed by the BDF was recorded as a deferred inflow of resources on the Statement of Net Position and amortized and reported as service concession revenue over the remaining 33 years of the CEA, under GASB 60. As compared to the accounting treatment that existed prior to GASB 60, the BDF's contribution would have been treated as a capital contribution and the level from the prior year's total capital contributions reported would have been unchanged.

**TABLE A-3**  
**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**  
Schedule of Operating Expenses  
For the years ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>
Payroll	\$ 6,552,730	\$ 6,643,408	\$ (90,678)
Depreciation	3,817,668	3,390,500	427,168
Cost of goods sold	1,437,664	1,500,489	(62,825)
Payroll benefits	1,095,839	1,083,480	12,359
Contract services	868,867	917,516	(48,649)
Repairs and maintenance	771,161	954,426	(183,265)
Supplies	743,955	792,759	(48,804)
Utilities	673,933	587,027	86,906
Golf operations	636,318	1,116,676	(480,358)
Administrative	523,090	375,874	147,216
Contract labor	432,538	467,509	(34,971)
Insurance	401,967	371,501	30,466
Advertising	267,906	349,844	(81,938)
Other	275,954	262,720	13,234
Special Events	198,721	122,659	76,062
Other postretirement benefits expense	(869,000)	420,600	(1,289,600)
Total operating expenses	<u>\$ 17,829,311</u>	<u>\$ 19,356,988</u>	<u>\$ (1,527,677)</u>

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2017 and 2016

#### FINANCIAL ANALYSIS OF THE PARK – 2016

##### **Net Position**

The Park's total net position at June 30, 2016 increased 24% to approximately \$76.0 million (See Table A-4). Total assets increased 23% to approximately \$83.6 million, and total liabilities increased 18% to approximately \$7.6 million. The increase in net position is mainly attributable to the purchase of property and equipment funded through \$16.4 million in public and private capital contributions.

Total current assets increased by approximately \$500,000, which was offset by an increase in current liabilities of approximately \$700,000. Unrestricted cash increased by approximately \$1.5 million as the Park collected \$945,000, which was included in the BP receivable in 2015 and transferred those proceeds along with approximately \$650,000 from the Park's LAMP investment into an insured and collateralized bank deposit (note 2). Restricted cash increased by approximately \$300,000 related to funds contributed by the City for construction of the Arrival Garden with an unexpended balance of approximately \$500,000 at June 30, 2016. That increase in restricted cash was partially offset by a decrease of approximately \$250,000 as capital expenditures exceeded sales tax collections by the City Park Taxing District, a blended component unit of the Park (see Note 1). The State of Louisiana's Facility Planning and Control (FP&C) through a combination of funds from State capital outlay and FEMA project worksheets began construction of a championship quality golf course to replace the East and West Courses destroyed by Hurricane Katrina. Construction of the Tolmas Center was also completed in 2016. Capital expenditures from public and private sources of \$16.4 million along with TIF and Park's share of capital purchases of approximately \$1.5 million exceeded depreciation of \$3.4 million, which accounted for \$14.7 million of the \$15.8 million increase in assets. Contributions to the Park's permanent endowment of approximately \$900,000 accounted for most of the rest of the increase in Park assets.

Total liabilities increased by approximately \$1.1 million primarily due to an increase of approximately \$400,000 million in other postemployment benefits (OPEB) and Insurance payable of approximately \$550,000 (note 10). The increase in OPEB was primarily due to an actuarial adjustment by the Actuary engaged by the State to estimate the liability in accordance with GASB 45 (see Note 10). Current liabilities decreased by approximately \$700,000 and current assets increased by approximately \$500,000 million, which resulted in a decrease in working capital of approximately \$200,000.

Net position grew by approximately \$14.7 million as explained in the following section. Net position invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

##### **Changes in Net Position**

The change in net position for the year ended June 30, 2016 was an increase of approximately \$14.7 million compared to an increase in net position of approximately \$3.1 million for the year ended June 30, 2015. Total operating revenues increased by approximately \$300,000 to \$13.5 million for the year ended June 30, 2016, compared to \$13.2 million in the year ended June 30, 2015. Recreational services (Amusement Park, Storyland and City Putt), related concessions and special events increased

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

Management's Discussion and Analysis, continued

June 30, 2017 and 2016

by approximately \$1 million, or 17%, in fiscal year 2016 to approximately \$6.9 million mostly from a new one-time special event, China Lights in the Botanical Gardens during the spring. Catering revenues decreased by approximately \$470,000 as a result of increased competition and fewer days available to rent in the Botanical Garden due to the China Light special event.

<b>Assets</b>	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
Current assets	\$ 6,961,501	\$ 6,427,845	\$ 533,656
Investments	4,604,389	3,755,703	848,686
Capital assets	72,050,398	57,635,747	14,414,651
<b>Total assets</b>	<b>\$ 83,616,288</b>	<b>\$ 67,819,295</b>	<b>\$ 15,796,993</b>
Current liabilities	\$ 4,350,216	\$ 3,626,291	\$ 723,925
Other postretirement benefits	3,280,000	2,859,400	420,600
<b>Total liabilities</b>	<b>7,630,216</b>	<b>6,485,691</b>	<b>1,144,525</b>
Net position			
Net investment in capital assets	72,050,398	57,635,747	14,414,651
Restricted	5,264,673	4,546,928	717,745
Unrestricted	(1,328,999)	(849,071)	(479,928)
<b>Total net position</b>	<b>75,986,072</b>	<b>61,333,604</b>	<b>14,652,468</b>
	<b>\$ 83,616,288</b>	<b>\$ 67,819,295</b>	<b>\$ 15,796,993</b>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

Management's Discussion and Analysis, continued

June 30, 2017 and 2016

	<b>2016</b>	<b>2015</b>	<b>Increase (Decrease)</b>
<b>TABLE A-5</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
Statements of Revenues, Expenses and Changes in Net Position			
For the years ended June 30, 2016 and 2015			
Operating Revenues:			
Recreational services and events	\$ 6,896,367	\$ 5,874,047	\$ 1,022,320
Catering, restaurant and gift shop	3,483,036	3,957,416	(474,380)
Golf operations	896,581	1,187,699	(291,118)
Horticulture, grounds and pavilion	849,822	891,637	(41,815)
Athletic services and tennis	1,369,882	1,296,074	73,808
Total operating revenues	<u>13,495,688</u>	<u>13,206,873</u>	<u>288,815</u>
Operating expenses:			
Recreational services and events	3,640,455	2,828,293	812,162
Catering, restaurant and gift shop	2,800,888	2,947,606	(146,718)
Golf operations	1,116,676	1,092,209	24,467
Horticulture and grounds	1,154,890	1,130,736	24,154
Athletic services and tennis	1,181,785	1,157,297	24,488
General park	5,651,194	5,430,329	220,865
Depreciation	3,390,500	3,306,454	84,046
Hurricane expense	-	1,697	(1,697)
Other postretirement benefit expense	420,600	1,044,000	(623,400)
Total operating expenses	<u>19,356,988</u>	<u>18,938,621</u>	<u>418,367</u>
Operating loss	(5,861,300)	(5,731,748)	(129,552)
Nonoperating income	3,227,331	4,448,341	(1,221,010)
Capital contributions	16,425,646	4,211,099	12,214,547
Additions to permanent endowment	<u>860,791</u>	<u>143,426</u>	<u>717,365</u>
Changes in net position	14,652,468	3,071,118	11,581,350
Total net position, beginning of the year	<u>61,333,604</u>	<u>58,262,486</u>	<u>3,071,118</u>
Total net position, end of the year	<u>\$ 75,986,072</u>	<u>\$ 61,333,604</u>	<u>\$ 14,652,468</u>

Operating expenses increased by approximately \$400,000 in fiscal year 2016 compared to fiscal year 2015. China Lights related expenses of approximately \$500,000 included in Amusements and other events accounted for most of the increase. The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2017 and 2016

Non-operating income and expenses decreased approximately \$1.2 million, or 27%, to approximately \$3.2 million. Approximately \$950,000 of the decrease related to the BP claim that occurred in 2015 and the remaining decrease resulted from a reduction in the State appropriation of approximately \$250,000.

Capital contributions increased by approximately \$11.6 million, or 377%, primarily due from contributions to construct the new championship quality golf course funded by a state capital outlay appropriation and FEMA claims on the old East and West Courses damaged by Hurricane Katrina.

**TABLE A-6**  
**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**  
Schedule of Operating Expenses  
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Payroll	\$ 6,643,408	\$ 6,231,843	\$ 411,565
Depreciation	3,390,500	3,306,454	84,046
Cost of goods sold	1,500,489	1,624,282	(123,793)
Golf operations	1,116,676	1,092,209	24,467
Payroll benefits	1,083,480	947,065	136,415
Repairs and maintenance	954,426	942,988	11,438
Contract services	917,516	879,027	38,489
Supplies	792,759	562,515	230,244
Utilities	587,027	597,702	(10,675)
Contract labor	467,509	386,964	80,545
Other postretirement benefits expense	420,600	1,044,000	(623,400)
Other	385,379	367,211	18,168
Administrative	375,874	398,905	(23,031)
Insurance	371,501	300,717	70,784
Advertising	349,844	255,042	94,802
Hurricane expense	-	1,697	(1,697)
Total operating expenses	<u>\$ 19,356,988</u>	<u>\$ 18,938,621</u>	<u>\$ 418,367</u>

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **2017 Capital Assets**

As of June 30, 2017, the Park's investment in capital assets approximated \$86.3 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2017, the Park has construction in progress of approximately \$9.6 million relating to projects throughout the Park, including \$3.7 million for design and construction fees related to the Children's Museum Early Learning Village and \$2.2 million in maintenance and other ancillary buildings under construction for the new championship quality golf course.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2017 and 2016

#### **2016 Capital Assets**

As of June 30, 2016, the Park's investment in capital assets approximated \$72.1 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2016, the Park has construction in progress of approximately \$17.8 million relating to projects throughout the Park, including \$15.1 million for the new championship quality golf course.

#### **ECONOMIC FACTORS AND OUTLOOK**

The Park continues to rebuild and restore its facilities following Hurricane Katrina in 2005. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. From 2006 through 2017, facilities have reopened, including the Botanical Garden, Tad Gormley Stadium, Pan American Stadium, various ball fields, North Golf Course and Driving Range, Storyland, and the Carousel Gardens Amusement Park. As of June 30, 2017 nearly all of the Park's facilities have reopened. In October 2012, the Park opened the Arbor Room at Popp's Fountain, a new facility for catered events. In April 2012, the Park opened the Pepsi Tennis Center to replace the older smaller facility that was near the site of the new miniature golf facility, City Putt. In December 2015, the Park opened the new Festival Grounds with a one-mile walking/jogging/bicycle path surrounding five soccer fields, which also serves as a venue for large festivals. In May 2015, the Park opened City Putt, a New Orleans and Louisiana themed 36-hole miniature golf course with a clubhouse and two party rooms. In April of 2017, the Park opened the South Course at Bayou Oaks, an 18-hole championship quality golf course designed by Rees Jones and Greg Muirhead of Rees Jones and Torre Design Consortium. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, Mardi Gras Marathon, Crescent City Classic and various run/walk events.

#### **CONTACTING THE PARK'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our patrons and other interested parties with a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New Orleans City Park Improvement Association at (504) 482-4888.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Statements of Net Position**

**June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash (note 2):		
Unrestricted	\$ 676,175	\$ 2,570,751
Restricted	655,078	1,277,421
Total cash and cash equivalents	1,331,253	3,848,172
Investments substantially restricted (note 2)	28,127	28,127
Investments with Louisiana Asset Management Pool (note 2)	1,949,675	562,108
Receivables (less allowance for doubtful accounts):		
Friends of City Park	206,470	301,038
Federal grant receivable	679,630	515,870
City of New Orleans	72,571	56,342
State of Louisiana	589,503	278,656
Other	555,174	284,646
Inventories	211,574	215,201
Prepaid expenses and other assets	889,071	871,341
Total current assets	6,513,048	6,961,501
Endowment at GNOF, nonexpendable portion (note 2)	4,733,248	4,154,415
Endowment at GNOF, expendable portion (note 2)	599,760	449,974
Capital assets, net (note 5)	86,257,361	72,050,398
Total Assets	<u>\$ 98,103,417</u>	<u>\$ 83,616,288</u>
 <b><u>Liabilities, Deferred Inflows of Resources and Net Position</u></b>		
Current liabilities:		
Accounts payable - trade	\$ 936,665	\$ 607,715
Other liabilities	137,429	131,225
Accrued salaries	250,007	242,769
Unearned income (note 6)	1,026,225	1,137,748
Insurance payable (note 7)	505,680	556,355
Due to other governments (note 7)	785,372	1,264,410
Accrued vacation leave	419,939	409,994
Total current liabilities	4,061,317	4,350,216
Long-term liabilities		
Other postretirement benefits (note 10)	2,411,000	3,280,000
Total liabilities	6,472,317	7,630,216
Deferred inflows of resources		
Service concession arrangement (note 13)	8,452,669	-
Net position:		
Net investment in capital assets	86,257,361	72,050,398
Restricted	5,932,067	5,264,673
Unrestricted (Deficit)	(9,010,997)	(1,328,999)
Total net position	<u>83,178,431</u>	<u>75,986,072</u>
	<u>\$ 98,103,417</u>	<u>\$ 83,616,288</u>

See accompanying notes to financial statements.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Statements of Revenues, Expenses and Changes in Net Poition**

**For the years ended June 30, 2017 and 2016**

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
Operating Revenues:		
Amusements, concerts and other events	\$ 6,260,170	\$ 6,896,367
Catering, restaurant and gift shop	3,720,021	3,483,036
Golf operations	1,052,603	896,581
Horticulture, grounds and pavilion rental	992,368	849,822
Stadium rentals and concessions	807,276	864,834
Tennis	533,593	505,048
Total operating revenues	<u>13,366,031</u>	<u>13,495,688</u>
Operating Expenses:		
Amusements, concerts and other events	3,359,347	3,640,455
Catering, restaurant and gift shop	2,738,210	2,800,888
Depreciation	3,817,668	3,390,500
General park	5,702,927	5,651,194
Golf operations	636,318	1,116,676
Horticulture and grounds	1,250,119	1,154,890
Stadium	751,577	822,467
Tennis	442,145	359,318
Postretirement benefits expense	(869,000)	420,600
Total operating expenses	<u>17,829,311</u>	<u>19,356,988</u>
Net operating loss	<u>(4,463,280)</u>	<u>(5,861,300)</u>
Non-operating income (expense):		
Donations	310,031	503,814
Income and gains (losses) on GNOF	400,449	(12,105)
Interest income	26,565	16,087
State revenue	1,950,000	1,990,198
Sales tax	460,624	339,145
Lease revenue	291,410	284,666
Insurance claim revenue	12,550	79,347
Other revenue	21,943	26,179
Total non-operating income	<u>3,473,572</u>	<u>3,227,331</u>
Changes in net position before capital contributions	(989,708)	(2,633,969)
Capital contributions	<u>7,853,897</u>	<u>16,425,646</u>
Changes in net position after capital contributions	6,864,189	13,791,677
Additions to permanent endowments	<u>328,170</u>	<u>860,791</u>
Changes in net position after additions to endowments	7,192,359	14,652,468
Net position, beginning of year	<u>75,986,072</u>	<u>61,333,604</u>
Net position, end of year	<u>\$ 83,178,431</u>	<u>\$ 75,986,072</u>

See accompanying notes to financial statements.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Statements of Cash Flows**

**For the years ended June 30, 2017 and 2016**

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
Cash flows from operating activities:		
Cash received from user fees and other park activities	\$ 12,983,980	\$ 14,313,850
Cash payments to suppliers for goods and services	(7,167,503)	(7,930,861)
Cash payments to employees for services	(7,631,386)	(7,642,623)
Net cash used in operating activities	<u>(1,814,909)</u>	<u>(1,259,634)</u>
Cash flows from noncapital and related financing activities:		
Cash received from State of Louisiana	1,710,209	1,903,427
Cash received from sales tax	444,395	337,266
Cash received from insurance claim proceeds	12,550	79,347
Cash received from donations	310,031	503,814
Cash received from lease revenue	291,410	284,666
Net cash provided by noncapital financing activities	<u>2,768,595</u>	<u>3,108,520</u>
Cash flows from capital and related financing activities:		
Contributed by others for capital improvements	2,699,949	16,469,913
Acquisition and construction of capital assets	(4,846,630)	(18,116,951)
Net cash used in capital and related financing activities	<u>(2,146,681)</u>	<u>(1,647,038)</u>
Cash flows from investing activities:		
Purchase of investments	(1,380,000)	(945,235)
Sale of investments	-	1,600,000
Interest received on investments	34,133	16,087
BP claim proceeds	-	945,235
Other revenue	21,943	23,671
Net cash provided by (used in) investing activities	<u>(1,323,924)</u>	<u>1,639,758</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,516,919)</u>	<u>1,841,606</u>
Cash and cash equivalents at beginning of the year	<u>3,848,172</u>	<u>2,006,566</u>
Cash and cash equivalents at end of the year	<u>\$ 1,331,253</u>	<u>\$ 3,848,172</u>
Reconciliation of net operating loss to net cash used in operating activities are as follows:		
Operating loss	\$ (4,463,280)	\$ (5,861,300)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	3,817,668	3,390,500
(Increase) decrease in receivables	(270,528)	140,918
(Increase) decrease in inventories	3,627	(23,457)
(Increase) decrease in prepaid expenses and other assets	(17,730)	(104,288)
Increase (decrease) in trade payables and insurance payable	72,470	1,037,330
Increase (decrease) in accrued liabilities and other liabilities	(845,613)	39,774
Increase (decrease) in deferred income	(111,523)	120,889
Net cash used in operating activities	<u>\$ (1,814,909)</u>	<u>\$ (1,259,634)</u>
Noncash investing, capital and financing activities		
Contributions to GNOF	<u>\$ 328,170</u>	<u>\$ 656,538</u>
In kind capital contributions	<u>\$ 11,008,726</u>	<u>\$ 13,903,142</u>

See accompanying notes to financial statements.

# NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### **(1) Summary of Significant Accounting Policies**

The State of Louisiana legislature passed Act 84 of 1870 which established a public park in the City of New Orleans (the City) and created the New Orleans Park Board of Commissioners. By Act 87 of 1877, the Board was abolished and the powers and duties were transferred to the City Council of New Orleans. In 1896, Act 84 of 1870 was repealed and Act 130 gave recognition to an organization called the "New Orleans City Park Improvement Association" (the Park), an agency of the State, which was to manage and supervise the City's park. Act 865 of 1982 transferred the Park to the State Department of Culture, Recreation and Tourism. The Park shall be used for park, educational and cultural purposes.

Act 13 of 1998 authorized the Park to contract with a not-for-profit entity for the operation, care, control, and management of the Park, including contracting for employment, procurement of goods and services and entering into lease arrangements. Additionally, the entity was specifically exempted from Title 38 relative to public contracts, Title 39 relative to procurement of professional, personal, consulting and social services and Title 41 relative to the lease of public lands. In 2001, the Park entered into a cooperative endeavor agreement with the Park Employment and Procurement Corporation (PEPCO) for the purposes stated in Act 13. PEPCO has no assets or liabilities and neither receives, nor expends any funds.

#### **(a) *Reporting Entity***

For financial reporting purposes and in accordance with Governmental Accounting Standards Board's definition of a reporting entity, the Park has only one fund, an enterprise fund, which accounts for all assets, liabilities and operations of the Park, and, as such, is considered a primary government.

Of the 36 authorized Board members, 13 are appointed by various governmental units and nonprofit organizations. The remaining board members serve limited staggered terms and are appointed by the current Board members of the Park. The Park's Board members have decision-making authority over the activities of the Park including: the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Park has no special financial relationships with any other governmental unit and is responsible for its own debt and surpluses and deficits.

#### **(b) *Component Units***

New Orleans City Park Taxing District (TIF) is a blended component unit of the Park. Although a blended component unit is a legally separate entity, it is, in substance, part of the Park's operations, as it provides funding exclusively for the Park. Act 266 of 2007 of the State of Louisiana, created the TIF, and Ordinance No. 23010 on December 20, 2007 designates a portion of the local sales and use taxes within the City Park boundaries to fund economic development projects undertaken by the Park. The net position of the TIF, restricted for Park capital projects, totaled \$570,931 and \$632,157 at June 30, 2017 and 2016, respectively. See the following page for the net positions and changes in net position for the New Orleans City Park Taxing District.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

(1) **Summary of Significant Accounting Policies (continued)**

(b) *Component Units (continued)*

**New Orleans City Park Taxing District**  
Statement of Net Position  
June 2017 and 2016

	<u>2017</u>	<u>2016</u>
Current assets	\$ 586,476	\$ 699,533
Total assets	<u>\$ 586,476</u>	<u>\$ 699,533</u>
Current liabilities	\$ 15,545	\$ 67,376
Total liabilities	<u>15,545</u>	<u>67,376</u>
Net position		
Restricted	<u>570,931</u>	<u>632,157</u>
Total liabilities and net position	<u>\$ 586,476</u>	<u>\$ 699,533</u>

**New Orleans City Park Taxing District**  
Statement of Changes in Net Position  
For the years ended June 2017 and 2016

	<u>2017</u>	<u>2016</u>
General revenues:		
Sales taxes	\$ 460,624	\$ 339,145
Expenses:		
Economic development	<u>521,850</u>	<u>470,201</u>
Change in net position	(61,226)	(131,056)
Net position, beginning of year	<u>632,157</u>	<u>763,213</u>
Net position, end of year	<u>\$ 570,931</u>	<u>\$ 632,157</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of Significant Accounting Policies (continued)**

***(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting policies of the Park conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Park has no governmental or fiduciary funds. The Park uses fund accounting to report its financial position and results of operations. The Park's accounts are organized into a single proprietary fund.

The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance.

The Park's principal operating revenues are the fees received for services.

***(d) Investments***

Investments are stated at fair value based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. The Park does not have an investment policy, however the Louisiana Revised Statutes authorize the Park to invest in bonds, treasury notes, certificates or other obligations of the United States, or time certificates of deposit in state banks organized under Louisiana laws and national banks having principal offices in the State.

***(e) Inventories***

Inventories, consisting primarily of gift shop, concession, and catering supplies, are valued at cost, which approximates market, using the weighted average method.

***(f) Capital Assets***

Capital assets are stated at historical cost. Contributed assets are recorded at acquisition value at the time received. An item is classified as a capital asset if the individual cost is \$1,000 or greater and has a useful life in excess of 1 year. Depreciation is provided using the straight-line method over the estimated useful lives.

***(g) Vacation Leave***

The Park permits employees a limited amount of earned but unused vacation benefits not to exceed 300 hours, which will be paid to employees upon separation from Park service.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of Significant Accounting Policies (continued)**

***(h) Net Position***

The Park classifies net position into three components: net investment in capital assets, net of related debt; restricted; and unrestricted. These components are defined as follows:

Net investments in capital assets - This component of net position consists of capital assets, net of accumulated depreciation. As of June 30, 2017 and 2016, the Park did not have debt related to capital assets.

Restricted - This component reports those net position with externally imposed constraints placed on their use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Park utilizes restricted assets before utilizing available unrestricted assets.

Unrestricted - This component reports net positions that do not meet the definition of either of the other two components.

***(i) Cash Flows***

For purposes of the statement of cash flows, only cash certificates on hand and on deposit and investments having an initial term of three months or less are included in cash and cash equivalents.

***(j) Allowance for Doubtful Accounts***

The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible bad debts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. No allowance for doubtful accounts was recorded at June 30, 2017 and 2016.

***(k) Unearned Income***

Unearned income represents resources the Park has received, but not yet earned, such as federal grant funds received prior to the incurrence of qualifying expenditures, cash deposits received as prepayments from customers on catering events and birthday parties, or prepaid rental revenue.

***(l) Deferred Inflows of Resources***

Deferred inflows of resources represent the acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. Capital contributions made by BDF in relation to its cooperative endeavor agreement with the Park are reported as deferred inflows of resources and amortized over the life of the agreement. See Note 13 for additional information.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of Significant Accounting Policies (continued)**

***(m) New GASB Pronouncements***

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which supersedes accounting standards that currently exist regarding for these retiree benefits. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Park does not currently have a trust to offset this liability. The standard is effective for annual reporting periods beginning after June 15, 2017. The Park expects that this new standard will have a material negative effect on its net position and a material increase to the post-employment benefit liability for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

***(n) Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

***(o) Reclassifications***

Certain accounts in the 2016 financial statements have been reclassified to conform to the current year presentation.

**(2) Cash, Cash Equivalents, and Investments**

The following are the components of the Park's cash, cash equivalents and investments at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Current:		
Cash in banks	\$ 1,331,253	\$ 3,848,172
Certificates of deposit	28,127	28,127
Investments with Louisiana Asset Management Pool	1,949,675	562,108
Long-term:		
Investments held at Greater New Orleans Foundation	5,333,008	4,604,389
	<u>\$ 8,642,063</u>	<u>\$ 9,042,796</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(2) Cash, Cash Equivalents, and Investments (continued)**

Restricted cash and investments as of June 30, 2017 and 2016 are as follows:

	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
2017:			
Ribet Fund	\$ -	\$ 28,127	\$ 28,127
Greater New Orleans Foundation	-	5,333,008	5,333,008
New Orleans City Park Taxing District	513,905	-	513,905
Capital funds received from private donors	141,173	-	141,173
	<u>\$ 655,078</u>	<u>\$ 5,361,135</u>	<u>\$ 6,016,213</u>
2016:			
Ribet Fund	\$ -	\$ 28,127	\$ 28,127
Greater New Orleans Foundation	-	4,604,389	4,604,389
New Orleans City Park Taxing District	643,190	-	643,190
City of New Orleans	479,038	-	479,038
Capital funds received from private donors	155,192	-	155,192
	<u>\$ 1,277,420</u>	<u>\$ 4,632,516</u>	<u>\$ 5,909,936</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Statutes require that the Park’s cash and certificates of deposit be covered by federal depository insurance or collateral.

The bank balances of cash and certificates of deposit, as reflected by the banks’ records totaled \$1,335,567 and \$3,934,270 at June 30, 2017 and 2016, respectively. The Park’s bank balances and certificates of deposits at year-end were covered by federal depository insurance or by collateral held by the Park’s custodial bank in the Park’s name.

The Park invests monies with the Louisiana Asset Management Pool (LAMP), which are reported at net asset value. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955. Accordingly, Lamp Investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. Only local Louisiana government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### (2) Cash, Cash Equivalents, and Investments (continued)

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMO prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors.

LAMP is not registered with the Securities and Exchange Commission (SEC).

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

As of June 30, 2017 and 2016, the Park had investments totaling \$5,333,008 and \$4,604,389, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool which is not categorized under GASB Codification Section I50.164 because investments are not evidenced by securities that exist in physical or book entry form. Investments in GNOF are administered by the Greater New Orleans Foundation, a 501(c)(3) public charity. The GNOF investments are in a permanent endowment. Investment earnings on the permanently restricted balance are available to the Park for spending on general operations. The amounts available for spending at June 30, 2017 and 2016 are \$599,760 and \$449,974, respectively.

The primary objective of GNOF is to provide a safe environment for the placement of donor funds in high quality investments. To achieve these objectives, GNOF's investment portfolio consists of three diversified investment portfolios: the money market portfolio, the fixed income portfolio and the equity portfolio.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(3) Fair Value Measurement**

The Park's investments are recorded at fair value as of June 30, 2017 and 2016. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the market place.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 – Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.

Level 3 – Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The Park has the following recurring fair value measurements as of June 30, 2017 and 2016:

	Fair Value Measurements – June 30, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 28,127	\$ -	\$ -	\$ 28,127
Investments at NAV				
LAMP	-	-	-	1,949,675
GNOF	-	-	-	5,333,008
Total	<u>\$ 28,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,310,810</u>

	Fair Value Measurements – June 30, 2016			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 28,127	\$ -	\$ -	\$ 28,127
Investments at NAV				
LAMP	-	-	-	562,108
GNOF	-	-	-	4,604,389
Total	<u>\$ 28,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,624</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Sales Tax**

Act No. 266 of the 2007 Regular Session of the Louisiana Legislature, stated that the TIF must designate the local sales and use taxes to be used to determine the sales tax increment (the "increment") to be pledged and dedicated to the payment of economic development projects of the District. Pursuant to Board Resolution adopted on December 18, 2007, the TIF designated the local sales and use taxes as those sales taxes paid at, by, or in connection with activities which generate sales taxes within the TIF which are the City of New Orleans' aggregate 2.5% sales and use taxes collected on the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption of tangible personal property. The increment is the amount of sales taxes to be collected in the District in excess of the Initial Annual Baseline Collection Rate which is \$83,543 for the annual baseline collection rate, and \$6,961 for the monthly baseline collection rate.

**(5) Capital Assets**

The capital assets of the Park as of June 30, 2017 and 2016 are as follows:

<u>Description</u>	<u>2016</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>2017</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Infrastructure	20,450,597	19,950,176	-	40,400,773	10-30
Buildings and improvements	41,516,962	3,650,280	-	45,167,242	10-30
Fixed equipment	12,781,407	829,741	-	13,611,148	5-20
Moveable equipment	5,722,050	1,746,979	-	7,469,029	3-20
Construction in progress	17,766,851	10,253,563	18,406,108	9,614,306	
	101,300,011	36,430,739	18,406,108	119,324,642	
Less accumulated depreciation	(29,249,613)	(3,817,668)	-	(33,067,281)	
Capital assets, net	<u>\$ 72,050,398</u>	<u>\$ 32,613,071</u>	<u>\$ 18,406,108</u>	<u>\$ 86,257,361</u>	

Construction in progress of \$9,614,306 and \$17,766,851 as of June 30, 2017 and 2016, respectively, consists primarily of Bayou Oaks South Golf Course, Louisiana Children's Museum Early Learning Center, Botanical Garden Tolmas Center and various other facilities and grounds improvements.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(5) Capital Assets (continued)**

The capital assets of the Park as of June 30, 2016 and 2015 are as follows:

<u>Description</u>	<u>2015</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>2016</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Infrastructure	17,103,017	3,347,580	-	20,450,597	10-30
Buildings and improvements	39,132,556	2,384,406	-	41,516,962	10-30
Fixed equipment	12,308,799	472,608	-	12,781,407	5-20
Moveable equipment	5,385,208	336,842	-	5,722,050	3-20
Construction in progress	6,503,136	16,954,455	5,690,740	17,766,851	
	83,494,860	23,495,891	5,690,740	101,300,011	
Less accumulated depreciation	<u>(25,859,113)</u>	<u>(3,390,500)</u>	-	<u>(29,249,613)</u>	
Capital assets, net	<u>\$ 57,635,747</u>	<u>\$ 20,105,391</u>	<u>\$ 5,690,740</u>	<u>\$ 72,050,398</u>	

**(6) Unearned Income**

Unearned income consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Payments in advance of events	\$ 885,052	\$ 982,556
Restricted contributions	141,173	155,192
	<u>\$ 1,026,225</u>	<u>\$ 1,137,748</u>

**(7) Due to Other Governments**

Due to other governments consists of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
City of New Orleans	\$ 732,000	\$ 1,211,038
State of Louisiana, Office of Risk Management	505,680	556,355
Federal (FEMA)	53,372	53,372
	<u>\$ 1,291,052</u>	<u>\$ 1,820,765</u>

The Park received payments on FEMA project worksheets, which were reduced by insurance proceeds from the State of Louisiana's Office of Risk Management (ORM). The payments were made by FEMA and ORM prior to the insurance deductibles being allocated and applied to the damage claims, which resulted in duplicate payment. The Park is working with FEMA and ORM to settle the amount owed during the closeout process.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(7) Due to Other Governments (continued)**

On July 19, 2013, the Park entered into a Cooperative Endeavor Agreement with the City for the City to advance \$732,000 in Capital Outlay funds for construction costs associated with a parking lot for the upcoming City Splash project. In turn the Park advanced \$732,000 to FP&C, which is managing the project for the benefit of the Park. On May 19, 2016, the City issued a purchase order in the amount of \$693,000 for the construction of the new Entrance Garden in the Botanical Gardens. The project was ongoing with \$479,038 in unexpended funds, which was included in restricted cash at June 30, 2016. As a result, the Park recognized \$732,000 and \$1,211,038 in due to other governments and \$732,000 and \$732,000 in prepaid assets at June 30, 2017 and June 30, 2016, respectively.

The Park owed \$200,000 and \$250,000 to the State of Louisiana for premiums on the Park's insurance coverage self-insured through plans from the State's Office of Risk Management as of June 30, 2017 and June 30, 2016, respectively.

**(8) Operating Leases**

The Park leases certain facilities to various lessees under renewable operating lease agreements. These facilities include the cellular tower, the stables, and land to Christian Brothers School. Minimum future lease receipts as of June 30, 2017, are as follows:

2018	\$ 214,353
2019	180,553
2020	180,553
2021	125,313
2022	106,900
Thereafter	199,928
Total	<u>\$ 1,007,600</u>

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the exiting lease through September 30, 2020. On March 28, 2012, the Park leased the equestrian facilities to Equest Farms for \$4,000 per month increasing each year by a minimum of 3% through March 28, 2022. On August 21, 2012, the Park entered into a Cooperative Endeavor Agreement (CEA) to lease a portion of the first floor of the Casino Building to Morning Call in the Oaks, LLC (Morning Call) for \$3,400 a month increasing by \$1,000 a month at the beginning of each year through August 20, 2016. Under terms of the CEA, Morning Call elected to extend the term for an additional 2 years with rent of \$5,900 in the first year increasing to \$6,400 in the second year through August 20, 2016. On June 16, 2017, the Park notified Morning Call of its intent to lease the facility under the State of Louisiana Public Lease Law and converted the term of the lease to month to month until such time as a winning bidder is determined and a new contract to lease facility is executed. On June 12, 2013, the Park entered into a Cooperative Endeavor Agreement (CEA) to lease a portion of Big Lake to Wheel Fun New Orleans, LLC for \$25,000 per year with a contingent payment of 10% of gross revenues in excess of \$100,000 through June 12, 2018.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(8) Operating Leases (continued)**

The cost and carrying amount included in buildings and improvements for the portion of facilities held for lease at June 30, 2017 were, as follows.

	<u>Gross Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Casino Building	\$ 502,868	\$ 340,270	\$ 162,598
Big Lake Dock & Boat House	417,131	97,311	319,820
Equestrian Facility	965,640	141,152	824,488
Leased Facilities	<u>\$ 1,885,639</u>	<u>\$ 578,733</u>	<u>\$ 1,306,906</u>

**(9) Employee Benefit Plans - Deferred Compensation Plan**

The Park offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all Park employees, permits them to defer a portion of their salary until future years. Full time employees with a minimum of 1 year of full time service are eligible for a contribution by the Park. The contribution for full time employees is \$2 for each \$1 contributed by the employee on the first 2.5% of base compensation. The deferred compensation is not available to the employee or their beneficiary until termination, retirement, death, or an unforeseeable emergency.

The plan is administered by the State of Louisiana (the State). Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Park contributed \$138,874 and \$138,980 and participants contributed \$178,977 and \$181,769 to the deferred compensation plan during the years ended June 30, 2017 and 2016, respectively.

**(10) Other Postemployment Benefits (OPEB)**

***Plan Description***

Employees of the Park voluntarily participate in the State of Louisiana's health and life insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(10) Other Postemployment Benefits (OPEB) (continued)**

***Funding Policy***

The contribution requirements of plan members and the Park are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during fiscal years 2017 and 2016, employee premiums for a single member receiving benefits ranged from \$107 to \$196 and \$108 to \$110 per month, respectively, for retiree-only coverage with Medicare.

The plan is currently financed on a pay-as-you-go basis, with the Park contributing \$304 to \$1,120 and \$304 to \$305 per month for retiree and spouse coverage for fiscal years 2017 and 2016, respectively.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

***Annual Other Postemployment Benefit Cost and Liability***

The Park's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used.

The total ARC for fiscal years 2017 and 2016 is as set forth below:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 271,000	\$ 344,000
30-year UAL amortization amount	104,000	145,000
Annual required contribution	<u>\$ 375,000</u>	<u>\$ 489,000</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(10) Other Postemployment Benefits (OPEB) (continued)**

The following schedule presents the Park OPEB obligation at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Beginning net OPEB obligation	\$ 3,280,000	\$ 2,859,400
Annual required contribution	375,000	489,000
Actuarial adjustment	(1,157,584)	6,342
Interest on net OPEB obligation	131,200	114,376
ARC adjustment	(189,683)	(165,360)
OPEB cost	(841,067)	444,358
Contributions made (retiree premium)	(27,933)	(23,758)
Change in Net OPEB obligation	(869,000)	420,600
Ending net OPEB obligation, June 30, 2017	<u>\$ 2,411,000</u>	<u>\$ 3,280,000</u>

Using the pay-as-you-go method, the Park contributed 3% and 5% of the annual post-employment benefits cost during fiscal year 2017 and 2016, respectively.

***Funded Status and Funding Progress***

During fiscal years 2017 and 2016, neither the Park nor the State of Louisiana made contributions to its postemployment benefits plan trust. During fiscal years 2017 and 2016, the plan did not establish or fund a trust. Since the plan was not established or funded, the Park's entire actuarial accrued liability of \$2,411,000 and \$3,280,000 was unfunded at June 30, 2017 and 2016, respectively.

The funded status of the plan, as determined by an actuary is as follows:

	<u>2017</u>	<u>2016</u>
Actuarial accrued liability (AAL)	\$ 2,411,000	\$ 3,280,000
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,411,000</u>	<u>\$ 3,280,400</u>
Fund ratio (actuarial value of plan net assets / AAL)	0%	0%
Covered payroll	\$ 1,968,000	\$ 1,910,000
UAAL as a percentage of payroll	123%	172%

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### **(10) Other Postemployment Benefits (OPEB) (continued)**

##### *Actuarial Methods and Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the State of Louisiana's CAFR, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2015 and 2013, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 8.0% as of July 1, 2015 and July 1, 2013, for pre-Medicare and Medicare eligible retirees, respectively. The RP 2015 Mortality Table and RP 2000 Mortality Table were used in making actuarial assumptions at July 1, 2015 and 2013, respectively. Retirement rate assumptions differ by employment group and date of plan participation. The Park's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open 30-year basis. The remaining amortization period at June 30, 2017 and 2016, is 22 and 23 years, respectively.

#### **(11) Management Agreements**

On June 11, 2008, the Park entered into a management agreement with Billy Casper Golf (BCG). As part of the management agreement, BCG provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from July 1, 2008 to December 31, 2017, unless terminated according to the cancellation provisions of the agreement. On February 1, 2017, the Bayou District Foundation (BDF) began operating the golf facilities under a Cooperative Endeavor Agreement (CEA) between the Park and the BDF and accounted for under a service concession arrangement in accordance with GASB 60. Therefore, the Park exercised its option to cancel the management agreement and BCG no longer operated the course after January 31, 2017. See note 13 for disclosures related to deferred inflows of resources and service concession arrangement from the BDF CEA.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### **(12) BP Claim Settlement**

On July 13, 2016, the Park executed a settlement with British Petroleum (BP) for economic damages that resulted from the Deep Water Horizon Spill in the amount of \$945,235. The claim is related to economic damages from an oil spill in the Gulf of Mexico from an explosion on an offshore oil platform that occurred on April 20<sup>th</sup>, 2010. The agreement is a full and final settlement of any and all claims related to the incident. The Park received payment in full on August 13, 2016.

#### **(13) Service Concession Arrangement**

The Park has determined that the cooperative endeavor agreement (CEA) between the Bayou District Foundation (BDF) and the Park meets the four criteria of a service concession arrangement (SCA) per GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*". SCA's are defined as a contract between a government and an operator, another government or private entity, in which the operator, another government or a private entity, in which the operator provides services, the operator collects and is compensated by fees from third parties, the government still retains control over the services provided and the government retains ownership of the assets at the end of the contract.

As part of the CEA between the Park and the BDF, the BDF contributed significant resources to the golf project, which included the design and construction of an 18-hole championship quality golf course, club house, maintenance facility and other ancillary buildings and equipment. The facility was completed and opened in April 2017. The CEA was signed in April of 2014 for a 35-year period. The BDF will pay the Park annually a portion of the revenues in excess of expenses incurred in operating all of the Park's golf facilities, including the newly constructed South Course, the North Course, the driving range, the club house and the clubhouse grill. Under the arrangement, the Park receives 75% of the net income from the golf operations on the first \$1.1 million in net income and 55% thereafter. The BDF will be responsible for all the day to day operations of the golf facility.

During the fiscal year 2017, the Park recorded a capital asset for costs incurred by the BDF in the amount of \$8,716,815 and a deferred inflow of resources. The deferred inflow is being amortized to golf operating revenue over the remaining term of the agreement (33 years). At June 30, 2017, the Park recognized an accounts receivable for \$152,026 and \$264,146 for its share of the revenue and amortization of the deferred inflow of resources, respectively. The unamortized balance of deferred inflow of resources at June 30, 2017 is \$8,452,669.

#### **(14) Federal Grants**

The Park received federal grants in previous years that are subject to federal examination that may result in a liability.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATIONSchedule of Funding Progress for Louisiana's State OPEB PlanLast Three Years

Plan Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2017	7/1/2016	\$ -	\$ 2,411,000	\$ 2,411,000	0.0%	\$ 1,968,000	122.5%
2016	7/1/2015	\$ -	\$ 3,280,000	\$ 3,280,000	0.0%	\$ 1,910,000	171.7%
2015	7/1/2014	\$ -	\$ 2,859,400	\$ 2,859,400	0.0%	\$ 1,589,000	179.9%

See accompanying independent auditors' report.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION****Schedules of Operating Expenses****For the years ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Administrative	\$ 523,090	\$ 375,874
Advertising	267,906	349,844
Contract labor	432,538	467,509
Contract services	868,867	917,516
Cost of goods sold	1,437,664	1,500,489
Depreciation	3,817,668	3,390,500
Fuel	59,024	64,726
Golf operations	636,318	1,116,676
Insurance	401,967	371,501
Other	151,898	124,761
Other postretirement benefits expense	(869,000)	420,600
Payroll	6,552,730	6,643,408
Payroll benefits	1,095,839	1,083,480
Rentals	49,111	49,040
Repairs and maintenance	771,161	954,426
Special events	198,721	122,659
Supplies	743,955	792,759
Uniforms	15,921	24,193
Utilities	673,933	587,027
	<u>Operating expenses</u>	
	<u>\$ 17,829,311</u>	<u>\$ 19,356,988</u>

See accompanying independent auditors' report.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION****Schedule of Compensation, Benefits, and Other Payments to Agency Head****For the year ended June 30, 2017****Agency Head Name: Robert Becker, Chief Executive Officer**

<b><u>Purpose</u></b>	<b><u>Amount (\$)</u></b>
Salary	\$ 195,312
Expense Allowance	-
Benefits-insurance	10,638
Benefits-retirement	9,390
Benefits- cell phone	900
Car allowance	7,601
Vehicle provided by government	-
Per diem	-
Reimbursements	580
Travel	-
Registration fees	459
Conference travel	-
Continuing professional education fees	-
Housing	-
Membership dues	600
Unvouchered expenses	-

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' 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**

The Board of Commissioners  
New Orleans City Park Improvement Association

We have audited, in accordance with the 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, the financial statements of the New Orleans City Park Improvement Association (the Park), which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2017

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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NEW ORLEANS, LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2017**

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Postlethwaite & Netterville

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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NEW ORLEANS, LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2017**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of  
New Orleans City Park Improvement Association  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of New Orleans City Park Improvement Association (the Park) and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Park's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget

**We performed the procedures above and noted no exceptions.**

b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**We performed the procedures above and noted the following exception:**

- **No written policy regarding how vendors are added to the vendor list.**

c) *Disbursements*, including processing, reviewing, and approving

**We performed the procedures above and noted no exceptions.**

*Written Policies and Procedures (continued)*

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- d) *Receipts*, including receiving, recording, and preparing deposits

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding recording and frequency of deposits.**

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**We performed the procedures above and noted no exceptions.**

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding (1) types of services requiring written contracts, (3) legal review, (4) approval process, and (5) monitoring process**

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding (2) allowable business uses and (3) documentation requirements.**

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**We performed the procedures above and noted the following exceptions:**

- **No written policies regarding (1) allowable expenses and (3) documentation requirements.**

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

**We performed the procedures above and noted the following exception:**

- **No written policies regarding: (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.**

***Written Policies and Procedures (continued)***

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***Management response:***

*The Park follows a formal process with regard to receipts, contracts, credit cards and travel and entertainment expenses. The Park follows the State policy for some of these processes, such as the travel and entertainment policy. However, we recognize the benefits of having a comprehensive set of written policies and procedures manual to assure good controls over these areas and the others that follow in this report. Therefore, the Park engaged a CPA to assist the CFO to review current practices, revise where necessary and issue a draft comprehensive set of written policies and procedures to address these findings, which we will present to the Audit and Finance Committee for approval at the April 2018 meeting.*

*All Park employees are required to comply with the Code of Governmental Ethics (LA RS 42:1170) and complete a mandatory annual ethics course. The Park files the completed course certificates in the employees' files and the newly updated employee handbook requires employees to sign an attestation that they read the handbook and will comply. Our handbook was updated after June 30, 2017 and we will consult our auditors and others to determine whether the current handbook adequately addresses this finding and update, if necessary.*

*Board (or Finance Committee, if applicable)*

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2. Obtain and inspect the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**We performed the procedures above and noted no exceptions.**

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**We performed the procedures above and noted no exceptions.**

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**We performed the procedures above and noted the minutes referenced non-budgetary financial information for at least one meeting during the fiscal year.**

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**We performed the procedures above and noted no exceptions.**

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**We performed the above procedure and noted no exceptions.**

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**We performed the above procedure and noted no exceptions**

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**For two of the five bank accounts selected for testing, we noted no evidence that a member of management researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.**

### ***Management response:***

*Park management is aware that a number of uncashed outstanding checks need to be researched to determine the appropriate action to take on a case by case basis. While the required research is time consuming by its nature, we will work to begin reconciling these items with existing staff with a goal to complete by the end of the fiscal year ending June 30, 2018.*

## Collections

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**We performed the procedures above and noted no exceptions.**

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**We performed the procedures above and noted the following exceptions:**

- **No written documentation stating that the person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank and (3) not required to share the same cash register or drawer with another employee.**
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**We performed the procedures above and noted no exceptions.**

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**We performed the procedures above and noted the following exception:**

- **Deposits were not made within one day of collection.**
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**We performed the procedures above and noted no exceptions.**

*Collections (continued)*

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7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**We performed the procedures above and noted no exceptions.**

*Management's response:*

*Park management is not clear of the requirements necessary to remedy these exceptions, but we will research and consult with others to determine the best course of action to take.*

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**We performed the procedures above and noted no exceptions.**

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**We performed the procedures above and noted the following exception:**

- **6 of the 25 items required to have a purchase order were not initiated using a requisition / purchase order system.**
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**We performed the procedures above and noted the following exception:**

- **6 of the 25 items required to have a purchase order did not have a purchase order or electronic equivalent approved by a person who did not initiate the purchase.**
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**We performed the procedures above and noted no exceptions. In accordance with the Park's written policy, all invoices were signed or initialed documenting evidence of the receipt of goods ordered or satisfactory performance of a services rendered.**

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**The Park does not have segregation of duties between the person responsible for processing payments and adding vendors to the entity's purchasing/disbursement system.**

*Disbursements – General, excluding credit card/debit card/fuel card/P-Card purchases or payments  
(continued)*

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11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**We performed the procedures above and noted no exceptions.**

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, inspect entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**We performed the procedures above and noted no exceptions.**

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**We performed the procedures above and noted no exceptions.**

***Management's response:***

*Our current policy requires a third level approval on all purchase orders in the amount of \$5,000 or greater by the CEO or the COO. All purchase orders require second level approval, which includes the CFO. However, for those purchases where one of the two executives with third level approval authorization is also the individual making the requisition request, we have not required approval by the other third level approver. We will address in our new policies and procedures to include a requirement for the other individual with third level approval authority to approve purchase order in instances where the other executive makes the requisition request in an amount of \$5,000 or greater.*

*All of the Park purchasing and accounts functions are handled by two individuals that back up certain duties of the other individual, including adding new vendors and processing payments to vendors. The Park will consult with auditors and others to work to remedy this exception to the satisfaction of the LLA.*

*Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**We performed the procedures above and noted no exceptions.**

15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

**We selected one credit card and performed the procedures above. We noted no exceptions.**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**No finance charges or late fees were assessed on the selected statement.**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

**We performed the procedures above and noted the following exception:**

- **Of the 54 transactions tested, 4 transactions did not have original itemized receipts.**

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

**We performed the procedures above and noted the following exception:**

- **Of the 54 transactions tested, 16 transactions did not have a documented business purpose.**

*Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)*

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- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**We performed the procedures above and noted no exceptions.**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**We performed the procedures above and noted no exceptions.**

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**We performed the procedures above and noted the following exception:**

- **Of the 54 transactions tested, 16 transactions did not have a documented business purpose.**

***Management's response:***

*The Park follows a formal process for credit card activity. The four exceptions noted with expenses not including a receipt were exceptions to our existing policy, though a purchase order was approved for the identical amount of the charge on the statement, which was also initialed by the appropriate person to evidence good delivery. We will increase our monitoring activities to assure we follow our policy going forward. All of the other exceptions noted had a legitimate business purpose and were accompanied by an approved purchase order, which is also an attestation per our policy by the requisitioning individual that the purchase is for a legitimate business purpose. In addition, the nature of the business use was apparent on its face in most cases by the account number written on the purchase order. However, we agree that documenting the specific business purpose on the invoice, receipt or purchase order would further reduce the risk of the Park's credit cards being used inappropriately. We will include these procedures in our updated written policies and procedures.*

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**We performed the procedures above and noted no exceptions.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**We performed the procedures above and noted no exceptions.**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**We performed the procedures above and noted no exceptions.**

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**We performed the procedures above and noted no exceptions.**

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**We performed the procedures above and noted the following exception:**

- **For one of the three expense reimbursements selected, there was no documented business purpose on the support provided.**

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**We performed the procedures above and noted no exceptions.**

*Travel and Expense Reimbursement (continued)*

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- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**We performed the procedures above and noted the following exception:**

- **For one of the three expense reimbursements selected, there was no documented business purpose on the support provided.**

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**We performed the procedures above and noted no exceptions.**

*Management's response:*

*Travel and reimbursement requests are approved by a couple staff members with knowledge of the State travel and entertainment policy requirements. The exception noted was a legitimate business expense and identical to those expenses of another reimbursement request by his coworker that accompanied him at that same conference and his request appropriately documented the legitimate business purpose. We will increase our monitoring activities to assure we follow our policy going forward in regards to documentation requirements.*

*Contracts*

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**We performed the procedures above and noted no exceptions.**

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**We performed the procedures above and noted no exceptions.**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

**Of the five contracts selected, three contracts were subject to the Louisiana Public Bid Law or Procurement Code.**

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

**We performed the procedures above for the three contracts subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.**

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**We performed the procedures above for the two contracts not subject to the Louisiana Public Bid Law or Procurement Code and noted the following exceptions:**

- **One of the two contracts not subject to the Louisiana Public Bid Law or Procurement Code tested did not have quotes.**

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**We performed the procedures above and noted no exceptions.**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**We performed the procedures above and noted no exceptions.**

*Contracts (continued)*

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- e) Obtain/inspect contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**We performed the procedures above and noted no exceptions.**

*Management's response:*

*The contract that did not contain evidence of quotes was a contract for janitorial services, which did not fall within the scope of the public bid law. We previously used a state contract, but the vendor did not perform well. We used the company for similar interim services that were procured through a solicitation of quotes and decided to extend the contract as the services were satisfactory and the price appeared reasonable in comparison to prices paid for the service in the past.*

***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**We performed the procedures above and noted no exceptions.**

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**We performed the procedures above and noted no exceptions.**

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**We performed the procedures above and noted no exceptions.**

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**We performed the procedures above and noted no exceptions.**

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**We performed the procedures above and noted no exceptions.**

*Ethics*

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26. Using the five selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**We performed the procedures above and noted no exceptions.**

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, inspect documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**No alleged ethics violations were reported to the Park during the fiscal period.**

*Debt Service*

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Items 28-30 were not included as the Park has no debt.

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/inspect supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**No misappropriations of public funds or assets.**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**We performed the procedures above and noted exceptions.**

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**We performed the procedures above and noted no exceptions.**



We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2017