

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
FINANCIAL STATEMENT AND
ACCOUNTANT'S COMPILATION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**



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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
New Orleans Regional Business Park
(ENTERPRISE CENTER)
New Orleans, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Orleans Regional Business Park, as of and for the year ended December 31, 2018, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

--Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following supplementary information on page 14 through page 17 be presented to supplement the basic financial statements:

Schedule of Agency Head Compensation
Budgetary Comparison Schedule
Management's Discussion and Analysis

Such information is presented for purposes of additional analysis and, although not a required 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. This information is the representation of management. We have not performed an audit, review or compilation on the required supplementary information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on such information.


VGR, CPA
New Orleans, Louisiana

June 28, 2019

NEW ORLEANS REGIONAL BUSINESS PARK
13801 Old Gentilly Road
New Orleans, LA 70129
(504) 254-4603

June 24, 2019

MANAGEMENT DISCUSSION & ANALYSIS

The New Orleans Regional Business Park (NORBP) was created by the Louisiana State Legislature to spur development on 7,000 acres of commercial and industrial land in Eastern New Orleans. NORBP, post Katrina, is home to approximately 77 businesses generating billions of dollars of annual sales, employing thousands of residents from the New Orleans region and producing millions of dollars of tax revenue for the City of New Orleans. NORBP'S mission is to provide assistance to new and existing business to help them expand operations, train and improve the skills of existing employees, explore upstream and downstream marketing opportunities and seek other resources; all in an effort to enhance the value of the capital investment our businesses have made in their operations in the Business Park. NORBP's operations were principally funded through a millage on properties located within the defined boundaries of the Park and from warehouse and office space rental income from tenants in the Park's Enterprise Center. However, the millage has expired. During 2017, NORBP entered into a new lease for a substantial portion of its warehouse space. Going forward, this revenue will enable NORBP to further its programmatic objectives which include business retention/expansion, marketing outreach, business development and enterprise center maintenance.

FINANCIAL HIGHLIGHTS

The NORBP employs the services of a Certified Public Accountant consulting firm to produce financial statements, process payroll, and perform ad hoc accounting and organizational duties associated with the daily operations of the Park. In addition, the NORBP employs the services of VGR, CPA LLC to produce the agency's annual review.

The NORBP 2018 General operations budget encompassed a rent income projection of \$177,100. However, because NORBP increased the amount of warehouse space it rented to its tenant during the year, actual rent income was \$189,292. Budgeted expenses were \$100,930 but actual expenses were \$106,584 with the expense overage largely attributed to the realtor commission associated with securing that increased lease space.

OVERALL FINANCIAL POSITION

At December 31, 2018, NORBP's net position totaled \$2,620,689 which included \$2,469,747 in Property, Plant & Equipment.

Balances and Transactions

NORBP began 2018 with an actual cash balance of \$90,679 in various accounts at financial institutions. NORBP ended the year with an actual cash balance of \$177,456 in these accounts.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During 2018, NORBP had no change in its capital assets. NORBP incurred no long-term debt and will continue to operate without the use of borrowed funds.

MAINTENANCE EXPENSES FOR INFRASTRUCTURE ASSETS

The NORBP owns a building at 13801 Old Gentilly Road. This building and the land on which it sits is valued at approximately \$3.2 million. The building consists of approximately 30,000 square feet of office space and 90,617 square feet of warehouse space. The warehouse space is entirely leased to a long-term tenant. The maintenance budget is adjusted occasionally due to unexpected expenditures on an aging building.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

NORBP continues to implement strategies that seek other revenue sources, programs and activities that can augment, support and expand NORBP programs. NORBP constantly markets its land and building assets to ensure that the organization maximizes the value of its resources.

Sincerely,

A handwritten signature in blue ink, appearing to read "Christian D. Bonura", with a long horizontal flourish extending to the right.

Christian D. Bonura
Chairman

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018**

ASSETS	<u>GOVERNMENTAL ACTIVITIES</u>
CURRENT ASSETS	
Cash (Notes 2 and 6)	\$ 177,456
Prepaid Insurance (Note 4)	<u>5,960</u>
TOTAL CURRENT ASSETS	183,416
CAPITAL ASSETS (Notes 2 and 5)	
Land, Improvements and Construction in Progress	1,053,618
Other Capital Assets, Net of Depreciation	<u>1,416,129</u>
TOTAL CAPITAL ASSETS, NET	<u>2,469,747</u>
 TOTAL ASSETS	 <u><u>2,653,163</u></u>
 LIABILITIES	
Accounts Payable	2,958
Rents Paid in Advance	14,758
Lease Deposits (Note 8)	<u>14,758</u>
TOTAL LIABILITIES	<u><u>32,474</u></u>
 NET POSITION	
Net Investment in capital assets	2,469,747
Unrestricted	<u>150,942</u>
TOTAL NET POSITION	<u><u>2,620,689</u></u>

The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
STATEMENT OF ACTIVITIES
AS OF DECEMBER 31, 2018**

<u>Functions/ Programs</u>	Governmental Activities:			Net (Expenses) Revenue and changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants</u>	
Enterprise Park	\$ -	\$ -	\$ -	\$ -
Sanitation	8,054	-	-	(8,054)
Administration	<u>262,094</u>	<u>-</u>	<u>-</u>	<u>(262,094)</u>
Total	\$270,148	\$ -	\$ -	\$ (270,148)
General revenues				
Rental Income				\$ 189,292
Other Income				<u>413</u>
Total General revenues				\$ 189,705
Change in Net Position				\$ (80,443)
Net Position				
Beginning of year				\$ 2,712,971
Adjustment to Beginning Of year				(11,839)
Beginning of year As restated				\$ 2,701,132
End of year				<u>\$ 2,620,689</u>

The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
BALANCE SHEET
GOVERNMENTAL FUND TYPE
AS OF DECEMBER 31, 2018**

ASSETS

Cash (Notes 2 and 5)	\$ 177,456
Prepaid Insurance (Note 4)	<u>5,960</u>
TOTAL ASSETS	<u>183,416</u>

LIABILITIES

Accounts Payable	2,958
Rents Paid in Advance	14,758
Lease Deposits (Note 8)	<u>14,758</u>
TOTAL LIABILITIES	<u>32,474</u>

FUND BALANCE

Unassigned	150,942
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Amounts reported for governmental activities
in the Statement of Net Position are different
because:

Capital assets used in governmental activities are not financial resources therefore are not reported in the governmental fund at the fund level	2,469,747
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NET POSITION	<u>2,620,689</u>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

REVENUE

Rental Income	189,292
Other Income	<u>413</u>
TOTAL REVENUE	189,705

EXPENDITURES

Insurance	46,868
Marketing	480
Postage	12
Accounting Fees	9,750
Professional Services	6,593
Telephone	1,180
Sanitation	8,054
Utilities	22,547
Building Repairs	11,100
TOTAL EXPENDITURES	<u>106,584</u>

Excess of expenditures over revenues **83,121**

Fund balance at beginning of year **67,821**

Fund balance at end of year **150,942**

The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK
(ENTERPRISE CENTER)
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Total Net Changes in fund balance at December 31, 2018 Per Statement of Revenue, Expenditures and Changes in Fund Balance	83,121
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The Changes in Net Position is reported for the governmental activities in the Statement of Activities is different because:

Government funds report capital outlays as expenditures. However, In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded net capital outlays in the current period.	<u>(163,564)</u>
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Total changes in net position of governmental activities At December 31, 2018	(80,443)
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS REGIONAL BUSINESS PARK
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Organization:

General

The New Orleans Regional Business Park (NORBP) is a 7,000 acre Louisiana Enterprise Zone created by the Louisiana Legislature to attract business and industry through incentives such as sales, use and property tax benefits. NORBP also encompasses a 92-acre Foreign Trade Zone which provides additional savings on duty fees.

In 1992, a special project referred to as the “Enterprise Center” was initiated in an effort to promote economic growth in the City of New Orleans, by promoting business and industrial development in the district. The Center includes the following components designed to improve the development environment in New Orleans East:

- Industrial/service based incubator;
- Advanced technology institute; and
- College extension programs.

NORBP is used to account for the operations of the district. Its financing sources are derived principally from tenant rent revenues.

The Board of Commissioners is composed of twelve (12) members who are appointed by various organizations and public officials and serve without compensation.

The accounting policies of NORBP conform to accounting policies generally accepted in the United States of America, as applicable to governmental agencies. The following is a summary of the more significant accounting policies:

NOTE 2 - Summary of Significant Accounting Policies:

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, **NORBP** considers all short-term, highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

**NEW ORLEANS REGIONAL BUSINESS PARK
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - Summary of Significant Accounting Policies:

Financial Reporting Entity, Continued:

Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for the financial reporting entity is the primary government, which is considered to be any state government or local government or a purpose government that meets all

of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

NORBP was established as a separate legal entity with a governing board. Separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that NORBP is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514), the NORBP's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of NORBP are accounted for under the general fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to government units.

The term basis of accounting is used to determine when a transaction or event is recognized on NORBP's operating statement. NORBP used the modified accrual basis of accounting. Under this basis, revenues are recorded when measureable and available, and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

**NEW ORLEANS REGIONAL BUSINESS PARK
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - Organization and Summary of Significant Accounting Policies:

Capital Assets

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value at time of receipt. When no historical records are available, capital assets are valued at estimated historical costs. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repair that add to the value of an asset or materially extend the asset's lives are capitalized.

Capital assets are depreciated by NORBP using the following estimated useful lives.

ASSETS	Estimated Useful Lives in Years
Building	40
Building improvements	20
Equipment	3-7

Depreciation is computed using the straight-line method,

Estimates

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

NOTE 3 - Prepaid Expenses:

Prepaid items at December 31 2018 consisted of prepaid Insurance of \$5,960

**NEW ORLEANS REGIONAL BUSINESS PARK
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - Capital Assets, net

	Beginning Balance	Additions	Total
Land and Land Improvements	1,053,618	-0-	1,053,618
Building and Building Improvements	3,700,776	-0-	3,700,776
Furniture and Equipment	<u>45,465</u>	<u>-0-</u>	<u>45,465</u>
	<u>4,799,859</u>	<u>-0-</u>	<u>4,799,859</u>
Less Accumulated Depreciation	<u>-2,166,548</u>	<u>-163,564</u>	<u>-2,330,112</u>
Total	<u>2,633,310</u>	<u>-163,564</u>	<u>2,469,747</u>

NOTE 5 - Cash and Cash Equivalents:

NORBP maintains cash balances at several national banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018, NORBP's bank balances were 133,388 and 44,068 respectively. The entire amounts were covered by federal depository insurance.

NOTE 6 - Property Tax Revenues:

In years past, NORBP received millage revenue derived from property taxes paid by real estate owners located in NORBP's geographical footprint. The millage expired after year 2011. However, NORBP still collects any monies paid by delinquent property tax payers for property taxes owed through year 2011. However, in year 2018, NORBP received no such sums.

NOTE 7 - Lease Deposits:

The New Orleans Regional Business Park holds security deposits for the rental space leased by tenants. The Lease Deposits as of December 31, 2018 was \$14,758.

**NEW ORLEANS REGIONAL BUSINESS PARK
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - Economic Dependency:

The primary source of revenue for NORBP is its sole tenant. The continued success of NORBP is dependent upon the renewal of the rental agreement as well as obtaining new funding.

NOTE 9 - Contingencies:

NORBP is party to a claim dated April 4, 2016. In the opinion of management, the outcome of such actions will have no material impact on NORBP's financial condition or results of operations.

SUPPLEMENTARY INFORMATION

NEW ORLEANS REGIONAL BUSINESS PARK

	Year 2018 Budget	Year 2018 Actual	Variance
REVENUE			
Tenant Rent Income	\$ 177,100	\$ 189,292	\$ 12,192
Interest Income	400	413	\$ 13
Total Revenue	<u>\$ 177,500</u>	<u>\$ 189,705</u>	<u>\$ 12,205</u>
EXPENSES			
Insurance- G/L, Prop, D/O, & Boiler	\$ 45,000	\$ 46,868	\$ 1,868
Postage & Freight	240	12	(228)
Marketing	600	480	(120)
Telephone & Internet	900	1,180	280
Accounting	9,750	9,750	0
Utilities	24,000	22,547	(1,453)
Bldg. Maintenance & Repairs	10,000	11,100	1,100
Realtor Commission		6,593	6,593
Sanitation	10,440	8,054	(2,386)
Total Expenses	<u>\$ 100,930</u>	<u>\$ 106,584</u>	<u>\$ 5,654</u>
Surplus/ (Deficit) Amount	<u>\$ 76,570</u>	<u>\$ 83,121</u>	<u>\$ 6,551</u>

NEW ORLEANS REGIONAL BUSINESS PARK
SCHEDULE OF AGENCY HEAD COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2018

Act 706 of the 2018 Legislative Session requires the disclosure of the total compensation, reimbursement, benefits, and other payments made to the agency head, political subdivision head or Chief executive officer, related to the position; including but not limited to travel housing, un-vouchered expenses (such as travel advances) per diem, and registration fees. The NORBP did not have any agency head, political subdivision head or Chief executive officer in 2018.

NEW ORLEANS REGIONAL BUSINESS PARK
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

NONE

NEW ORLEANS REGIONAL BUSINESS PARK
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Audit Finding Reference Number

2013-01 – Legislative Audit Advisory Service Report

Criteria:

In October 2013, the Louisiana Legislative Auditor issued an advisory services report relating to the practices review of The New Orleans Regional Business Park. The report outlined deficiencies in operations, opportunities to enhance procedures and recommendations for corrective action. The matters are as follows:

Conditions:

- The strategic plan does not identify the mission of the NORBP and the objectives are general in nature and do not appear to be measurable.
- The NORBP does not have comprehensive policies and procedures covering all essential operations.
- There is a lack of controls necessary to promote an ethical environment within the office of the NORBP (e.g., no ethics policies and procedures; Board members and employees not required to sign an annual certification letter attesting to their compliance with ethics laws/policies).
- Minutes of Board meetings were not always prepared (and maintained) as required by Louisiana Revised Statute (La. R.S.) 42:20.
- Board minutes are not published in the entity's official journal as required by La. R.S. 43:143-144 and 43:171(A).
- A records retention schedule has not been prepared and submitted to the Louisiana Secretary of State's office for approval as required by La. R.S. 44:36 and 44:411.
- The NORBP lacks formal guidance/procedures to help ensure that the Board is fully complying with La. R.S. 42:16-17 relative to conducting executive sessions.
- There is a lack of controls over credit card usage (e.g., business purpose not documented and no consistent review performed of credit card use and charges).
- There is a lack of controls over cell phone usage (i.e., no review performed of cell phone use and charges).
- There is a lack of controls over the preparation, review, and approval of employee time sheets.
- There is a lack of controls over the administration and accounting of employee leave (e.g., employee leave balances are not accounted for and there is no formal system for requesting the use of leave, including requiring supervisory approval).

NEW ORLEANS REGIONAL BUSINESS PARK
SCHEDULE OF PRIOR YEARS FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Audit Finding Reference Number

2013-01 – Legislative Audit Advisory Service Report (Continued)

- Although payroll is processed by an outside third party, there is no internal review performed (by NORBP personnel) to ensure that the payroll was processed accurately.
- There is a lack of controls to ensure that NORBP receives accurate rent payments.
- The NORBP did not have an adequate financial plan, including marketing strategies, to address and eliminate deficit spending.

Status :

Partially Resolved

Managements Response:

NORBP's Management has made great strides in correcting the items above while pushing forth the mission and work of the Business Park. In 2018 we were successful in:

- Updating our website to include our mission and noted objectives and accomplishments, and additionally continuing to post board meeting minutes;
- Eliminating all credit cards;
- Eliminating company cell phones;
- Eliminating deficit spending;
- Restructuring human resources such that employee time sheets, and the administration and accounting of employee leave are no longer applicable
- Implementing effective controls over receipt of rent payments;
- Increasing park programming expenditures through illegal dumping clean-ups, awareness of litter penal!¥ fines, and business owner engagement through mail outs; and
- Adopting a financial plan to include marketing strategies.

NORBP continues to work albeit without the leadership of a day-to-day Executive Director. In 2018 we have begun the process of putting specific policies and procedures to address the other matters listed above.