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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

WITH INDEPENDENT AUDITORS' REPORT THEREON

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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Postlethwaite
& Netterville

A Professional Accounting Corporation
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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 business-type activities of the New Orleans City Park Improvement Association (the Park) as of and for the years ended June 30, 2013 and 2012, 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 misstatement.

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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Park as of June 30, 2013 and 2012, 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 12 and the Schedule of Funding Progress for Louisiana's State OPEB Plan on page 28 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 comprise the Park's basic financial statements. The supplementary information included in the Schedules of Operating Expenses on page 29 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 20, 2013, 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 20, 2013

P&N

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis

June 30, 2013 and 2012

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, 2013 and 2012. Please read it in conjunction with the Park's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2013 Highlights

The Park's net position represents approximately 93% of total assets of approximately $59.9 million at June 30, 2013. At June 30, 2012, the Park's net position approximated 92% of total assets of approximately $56.8 million.

The Park's increase in net position was approximately $3.5 million for the year ended June 30, 2013 as compared to an increase of approximately $4.4 million for the year ended June 30, 2012. In addition, the Park's cash used in operating activities was approximately $1.6 million in 2013 as compared to cash used in operating activities of approximately $1.3 million in 2012.

2012 Highlights

The Park's net position represents approximately 92% of total assets of approximately $56.8 million at June 30, 2012. At June 30, 2011, the Park's net position approximated 90% of total assets of approximately $52.8 million.

The Park's increase in net position was approximately $4.4 million for the year ended June 30, 2012 as compared to an increase of approximately $8.1 million for the year ended June 30, 2011. In addition, the Park's cash used in operating activities was approximately $1.3 million in 2012 as compared to cash used in operating activities of approximately $1.1 million in 2011.

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.

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 and liabilities 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 and liabilities, is one way to measure the Park's financial health or position. The increase in the Park's net position in 2013 over 2012 is an indicator of its positive financial health.

FINANCIAL ANALYSIS OF THE PARK – 2013

Net position

The Park's total net position at June 30, 2013 increased 7% to approximately $55.5 million (See Table A-1). Total assets increased 6% to approximately $59.9 million, and total liabilities decreased 7% to approximately $4.4 million. The increase in net position is mainly attributable to the purchase of property and equipment funded through public and private capital contributions.

TABLE A-1
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Statements of Net Position
June 30, 2013 and 2012

Assets	2013	2012	Increase (Decrease)
Current assets	$ 3,116,249	$ 4,796,925	$ (1,680,676)
Investments	2,793,340	2,140,742	652,598
Capital assets	54,000,615	49,816,820	4,183,795
Total assets	$ 59,910,204	$ 56,754,487	$ 3,155,717
Current liabilities	2,663,239	3,000,870	(337,631)
Other postretirement benefits	1,739,000	1,725,900	13,100
Total liabilities	4,402,239	4,726,770	(324,531)
Net position			
Net investment in capital assets	54,000,615	49,816,820	4,183,795
Restricted	3,011,884	2,367,005	644,879
Unrestricted	(1,504,534)	(156,108)	(1,348,426)
Total net position	55,507,965	52,027,717	3,480,248
	$ 59,910,204	$ 56,754,487	$ 3,155,717

Total current assets decreased by approximately $1.7 million due primarily to a decrease in investments with the Louisiana Asset Management Pool (LAMP) of approximately $1.1 million and a decrease in federal and state receivables of approximately $520,000 and $420,000, respectively. The decrease was partially offset by an increase in cash of approximately $300,000. Included in the decrease in LAMP was approximately $1 million that was previously reserved for the Park's share of the construction costs for the newly completed City Putt clubhouse and miniature golf course facility. Decreases in the federal and state receivables were mostly offset by corresponding related decreases in accounts payables for payments to contractors for the new Festival Grounds and the Pepsi Tennis Center that occurred in the prior year period. Capital assets increased due to construction of the new Festival Grounds and City Putt clubhouse and miniature golf facility and other improvements throughout the Park. This increase was partially offset by the continued depreciation of the capital assets.

Total liabilities decreased by approximately $324,000 primarily due to a $760,000 decrease in accounts payable, partially offset by an increase in deferred income and insurance payable of approximately $110,000 and $210,000, respectively. The decrease in accounts payable was primarily related to the aforementioned construction projects that were ongoing at the beginning of the year and substantially completed by the end of the year. Current liabilities decreased by approximately $338,000 and combined with the aforementioned $1.7 million decrease in current assets resulted in a $1.3 million decrease in working capital. In addition to the $1.1 million in LAMP funds used for the construction of City Putt, the Park incurred approximately $551,000 in hurricane related expenses. However, the losses related to Hurricane Isaac were partially offset by better than budgeted operating results of approximately $250,000.

Net position grew by approximately $3.5 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, 2013 was an increase of approximately $3.5 million compared to an increase in net position of approximately $4.4 million for the year ended June 30, 2012. Total operating revenues were essentially unchanged from the prior year at $10.9 million for the year ended June 30, 2013, compared to $11.0 million in the year ended June 30, 2012. Recreational services (Amusement Park, Storyland and City Putt), related concessions and special events increased by approximately $457,000, or 12%, in fiscal year 2013 to approximately $4.2 million as a result of service improvements in those operations and 5 weeks of operations at the end of the year for new City Putt facility, which celebrated its grand opening to the public on Memorial Day weekend. Revenues from golf operations decreased approximately $294,000 in fiscal year 2013, as a result of poor weather conditions in the first half of the year, including a three week closure due to Hurricane Isaac in September.

Operating expenses increased by approximately $1.2 million in fiscal year 2013 compared to fiscal year 2012. Approximately $551,000 of the increase was related to hurricane expense, mostly from damages caused by Hurricane Isaac. Park management is working with the Governor's Office of Homeland Security (GOHSEP) and the State of Louisiana Office of Risk Management (ORM) to secure reimbursement for a portion of these costs. Subsequent collection, if any, will be reflected in the non-operating income of future financial statements. In addition, approximately $325,000 of the increase in operating expenses was related to the adjustment to decrease the OPEB liability in 2012 as compared to an increase in 2013. The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

TABLE A-2
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2013 and 2012

	2013	2012	Increase (Decrease)
Operating Revenues:			
Recreational services and events	$ 4,157,718	$ 3,700,536	$ 457,182
Catering, restaurant and gift shop	3,560,925	3,813,133	(252,208)
Golf operations	1,316,795	1,610,764	(293,969)
Horticulture, grounds and pavilion	779,311	671,410	107,901
Athletic services and tennis	1,095,712	1,161,864	(66,152)
Total operating revenues	10,910,461	10,957,707	(47,246)
Operating expenses:			
Recreational services and events	2,024,478	1,814,407	210,071
Catering, restaurant and gift shop	2,667,324	2,950,270	(282,946)
Golf operations	1,137,071	1,341,074	(204,003)
General park	4,678,083	4,094,403	583,680
Depreciation	3,219,628	3,181,606	38,022
Horticulture and grounds	863,739	861,015	2,724
Hurricane expense	551,184	-	551,184
Athletic services and tennis	992,651	989,741	2,910
Other postretirement benefit expense	13,100	(324,675)	337,775
Total operating expenses	16,147,258	14,907,841	1,239,417
Operating loss	(5,236,797)	(3,950,134)	(1,286,663)
Nonoperating income	3,803,512	4,199,107	(395,595)
Capital contributions	4,913,533	4,179,227	734,306
Changes in net position	3,480,248	4,428,200	(947,952)
Total net position, beginning of the year	52,027,717	47,599,517	4,428,200
Total net position, end of the year	$ 55,507,965	$ 52,027,717	$ 3,480,248

Net non-operating income and expenses decreased approximately $396,000, or 9%, to approximately $3.8 million. New contributions by others to the endowment held in trust for the Park at the Greater New Orleans Foundation decreased approximately $366,000 to $439,000 in fiscal year 2013 compared to fiscal year 2012. In addition, the Park received insurance proceeds from ORM in the amount of approximately $802,000 related to damage claim allocation from Hurricane Katrina in 2012 versus proceeds of approximately $35,000 related to the current year related to Hurricane Isaac.

Capital contributions increased by approximately $734,000, or 18%, primarily due to contributions from City Putt sponsors made through the Friends of City Park. Contributions from the Friends of City Park were $1.9 million during the year ended June 30, 2013 compared to $647,000 during the year ended June 30, 2012. This increase was partially offset by a $488,000 decrease in federal capital contributions that totaled $1.7 million in during the year ended June 30, 2013 as compared to $2.2 million during the year ended June 30, 2012, which were mostly from HUD Disaster CDBG funding of the new Festival Grounds.

TABLE A-3
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Schedule of Operating Expenses
For the years ended June 30, 2013 and 2012

	2013	2012	Increase (Decrease)
Payroll	$ 5,231,273	$ 4,779,685	$ 451,588
Payroll benefits	752,135	678,325	73,810
Cost of goods sold	1,296,610	1,456,796	(160,186)
Golf operations	1,137,071	1,340,882	(203,811)
Contract services	813,770	694,172	119,598
Contract labor	358,325	348,935	9,390
Depreciation	3,219,628	3,181,606	38,022
Utilities	575,551	543,309	32,242
Repairs and maintenance	502,705	603,204	(100,499)
Supplies	525,823	483,862	41,961
Insurance	309,419	278,971	30,448
Hurricane expense	551,184	-	551,184
Other postretirement benefits expense	13,100	(324,675)	337,775
Other	860,664	842,769	17,895
Total operating expenses	$ 16,147,258	$ 14,907,841	$ 1,239,417

FINANCIAL ANALYSIS OF THE PARK – 2012

Net position

The Park's total net position at June 30, 2012 increased 9% to $52.0 million (See Table A-4). Total assets increased 7.5% to approximately $56.8 million, and total liabilities decreased 5% to approximately $4.7 million. The increase in net position is mainly attributable to the purchase of property and equipment funded through public and private capital contributions.

Total current assets increased by approximately $128,000 due primarily to an increase in cash and investments of approximately $317,000 that was partially offset by a decrease in receivables and other current assets of approximately of $189,000 at June 30, 2012 compared to June 30, 2011. Capital assets increased due to construction of the new Festival Ground's and other improvements throughout the Park. This increase was partially offset by the continued depreciation of the capital assets. Included in the federal receivable at June 30, 2013 and 2012 is approximately $530,000 and $110,000, respectively, which is for construction of the new Festival Grounds funded through a Community Development Block Grant from the Housing and Urban Development through the City of New Orleans.

TABLE A-4
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Statements of Net Position
June 30, 2012 and 2011

Assets	2012	2011	Increase (Decrease)
Current assets	$ 4,796,925	$ 4,668,782	$ 128,143
Investments	2,140,742	1,271,828	868,914
Capital assets	49,816,820	46,853,157	2,963,663
Total assets	$ 56,754,487	$ 52,793,767	$ 3,960,720
Current liabilities	3,000,870	3,143,675	(142,805)
Insurance payable	1,725,900	2,050,575	(324,675)
Total liabilities	4,726,770	5,194,250	(467,480)
Net position:			
Net investment in capital assets	49,816,820	46,853,157	2,963,663
Restricted	2,367,005	1,583,387	783,618
Unrestricted	(156,108)	(837,027)	680,919
Total net position	52,027,717	47,599,517	4,428,200
	$ 56,754,487	$ 52,793,767	$ 3,960,720

Total liabilities decreased by approximately $470,000 primarily due to change in estimate, which resulted in a $325,000 decrease in the actuarial accrued liability (AAL) on the Other Post-Employment Benefits (OPEB) liability. In addition, current liabilities decreased by approximately $140,000 and combined with the aforementioned $130,000 increase in current assets allowed working capital to improve by $270,000. Higher revenues, which outpaced the increase in operating expenses accounted for the improvement in the Park's liquidity.

Net position grew by approximately $4.4 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, 2012 was an increase of approximately $4.4 million compared to an increase in net position of approximately $8.1 million for the year ended June 30, 2011. The changes in net position are detailed in Table A-5; operating expenses are detailed in Table A-6.

TABLE A-5
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2012 and 2011

	2012	2011	Increase (Decrease)
Operating Revenues:			
Recreational services and events	$ 3,700,536	$ 3,727,371	$ (26,835)
Catering, restaurant and gift shop	3,813,133	2,702,718	1,110,415
Golf operations	1,610,764	1,448,729	162,035
Horticulture, grounds and pavilion	671,410	653,986	17,424
Athletic services and tennis	1,161,864	877,717	284,147
Tot Total operating revenues	10,957,707	9,410,521	1,547,186
Operating expenses:			
Recreational services and events	1,814,407	1,685,000	129,407
Catering, restaurant and gift shop	2,950,270	2,314,390	635,880
Golf operations	1,341,074	1,235,617	105,457
General park	4,094,403	3,946,964	147,439
Depreciation	3,181,606	2,922,588	259,018
Horticulture and grounds	861,015	751,876	109,139
Hurricane expense	-	-	-
Athletic services and tennis	989,741	787,007	202,734
Other postretirement benefit expense	(324,675)	344,506	(669,181)
Total operating expenses	14,907,841	13,987,948	919,893
Operating loss	(3,950,134)	(4,577,427)	627,293
Nonoperating income	4,199,107	2,739,063	1,460,044
Capital contributions	4,179,227	9,897,253	(5,718,026)
Changes in net position	4,428,200	8,058,889	(3,630,689)
Total net position, beginning of the year	47,599,517	39,540,628	8,058,889
Total net position, end of the year	$ 52,027,717	$ 47,599,517	$ 4,428,200

Total operating revenues increased by $1.5 million or 16% to $11.0 million. Operations were strong across the Park, including an increase of approximately $1.1 million in catering operations, which benefited from the opening of the Arbor Room at Popp's Fountain in October of 2011. In addition, golf, tennis and athletic services experienced a combined increase of approximately $450,000. Total operating expenses increased by approximately $920,000 or 7% to approximately $14.9 million. Higher depreciation from the increased number of completed facilities and improvements accounted for approximately $260,000 of the increase. As a result of higher sales volumes, expenses increased by a combined $920,000 in catering, golf, tennis and athletic services operations. These increases were partially offset by a decrease in post-retirement benefits expense of approximately $670,000 based on a change in estimate of the actuarial accrued liability.

TABLE A-6
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Schedule of Operating Expenses
For the years ended June 30, 2012 and 2011

	2012	2011	Increase (Decrease)
Payroll	$ 4,779,685	$ 4,291,941	$ 487,744
Payroll benefits	678,325	597,785	80,540
Cost of goods sold	1,456,796	1,135,505	321,291
Golf operations	1,340,882	1,235,372	105,510
Contract services	694,172	687,357	6,815
Contract labor	348,935	269,734	79,201
Depreciation	3,181,606	2,922,588	259,018
Utilities	543,309	536,938	6,371
Repairs and maintenance	603,204	658,521	(55,317)
Supplies	483,862	307,807	176,055
Insurance	278,971	272,583	6,388
Other postretirement benefits expense	(324,675)	344,506	(669,181)
Other	842,769	727,311	115,458
Total operating expenses	$ 14,907,841	$ 13,987,948	$ 919,893

CAPITAL ASSET AND DEBT ADMINISTRATION

2013 Capital Assets

As of June 30, 2013, the Park's investment in capital assets approximated $54.0 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2013, the Park has construction in progress of approximately $3.0 million relating to projects throughout the Park, including $1.2 million for the new golf course and various other facilities and improvements being constructed totaling $1.8 million.

2012 Capital Assets

As of June 30, 2012, the Park's investment in capital assets approximated $49.8 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2012, the Park has construction in progress of approximately $4.9 million relating to projects throughout the Park, including $2.4 million for the new Festival Grounds, $800 thousand for the new golf course and various other facilities and improvements being constructed totaling $1.6 million.

ECONOMIC FACTORS AND OUTLOOK

The Park continues to rebuild and restore its facilities following Hurricane Katrina. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. From 2006 through 2013, several 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, 2013 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 future miniature golf facility. In December 2013, 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 2013, the Park opened City Putt, a New Orleans and Louisiana themed 36-hole miniature golf course with a clubhouse and two party rooms. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, 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, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash (note 2):		
Unrestricted	$ 808,040	$ 505,796
Restricted	275,043	242,963
Total cash and cash equivalents (note 2)	1,083,083	748,759
Investments substantially restricted (note 2)	27,909	27,909
Investments with Louisiana Asset Management Pool (note 2)	1,013,868	2,165,422
Receivables (less allowance for doubtful accounts):		
Friends of City Park	11,993	264
Federal grant receivable	10,528	526,687
City of New Orleans	51,204	-
State of Louisiana	394,111	812,497
Other	332,536	353,948
Inventories	161,812	126,740
Prepaid expenses and other assets	29,205	34,699
Total current assets	3,116,249	4,796,925
Investments held at the Greater New Orleans Foundation (note 2)	2,793,340	2,140,742
Capital assets, net (note 4)	54,000,615	49,816,820
Total assets	$ 59,910,204	$ 56,754,487
Liabilities and Net Position		
Current liabilities:		
Accounts payable - trade	$ 497,027	$ 1,253,140
Other liabilities	124,046	75,421
Accrued salaries	155,805	130,073
Deferred income (note 5)	934,145	827,689
Due to other governments (note 6)	621,751	414,514
Accrued vacation leave	330,465	300,033
Total current liabilities	2,663,239	3,000,870
Long-term liabilities		
Other postretirement benefits	1,739,000	1,725,900
Total liabilities	4,402,239	4,726,770
Net position:		
Net investment in capital assets	54,000,615	49,816,820
Restricted	3,011,884	2,367,005
Unrestricted	(1,504,534)	(156,108)
Total net position	55,507,965	52,027,717
	$ 59,910,204	$ 56,754,487

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Amusements, concerts and special events	$ 4,157,718	$ 3,700,536
Catering, restaurant and gift shop	3,560,925	3,813,133
Golf operations	1,316,795	1,610,764
Horticulture, grounds and pavilion rental	779,311	671,410
Athletic services and stadium concessions	698,754	777,921
Tennis	396,958	383,943
Total operating revenues	10,910,461	10,957,707
Operating expenses:		
Amusements, concerts and special events	2,024,478	1,814,407
Catering, restaurant and gift shop	2,667,324	2,950,270
Depreciation	3,219,628	3,181,606
General park	4,678,083	4,094,403
Golf operations	1,137,071	1,341,074
Horticulture and grounds	863,739	861,015
Athletic services and stadium concessions	670,970	703,819
Tennis	321,681	285,922
Hurricane expense	551,184	-
Postretirement benefits expense	13,100	(324,675)
Total operating expenses	16,147,258	14,907,841
Net operating loss	(5,236,797)	(3,950,134)
Non-operating income (expense):		
Donations	364,772	337,325
Contributions to GNOF	439,244	804,916
Interest income	63,757	25,149
Federal grant revenue	28,677	-
State revenue	2,087,263	2,065,326
Sales tax revenue	476,942	-
Lease revenue	144,744	120,795
Insurance claim revenue	35,421	801,606
Other revenue	162,692	82,154
Other expense	-	(38,164)
Total non-operating income	3,803,512	4,199,107
Change in net position before capital contributions	(1,433,285)	248,973
Capital contributions	4,913,533	4,179,227
Change in net position after capital contributions	3,480,248	4,428,200
Net position at beginning of year	52,027,717	47,599,517
Net position at end of year	$ 55,507,965	$ 52,027,717

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from user fees and other park activities	$ 11,033,829	$ 10,834,182
Cash payments to suppliers for goods and services	(6,669,108)	(6,743,161)
Cash payments to employees for services	(5,927,244)	(5,397,151)
Net cash used in operating activities	(1,562,523)	(1,306,130)
Cash flows from noncapital and related financing activities:		
Cash received from State of Louisiana	2,147,273	2,198,584
Sales taxes	484,585	-
Federal operating grants	28,677	-
Insurance claim proceeds	-	801,606
Cash received from donations	364,772	337,325
Cash received from lease revenue	144,744	120,795
Net cash provided by noncapital financing activities	3,170,051	3,458,310
Cash flows from capital and related financing activities:		
Contributed by others for capital improvements	2,850,882	3,445,569
Acquisition and construction of capital assets	(5,288,736)	(5,324,122)
Net cash used in capital and related financing activities	(2,437,854)	(1,878,553)
Cash flows from investing activities:		
Purchases of investments	(200,000)	-
Sales of investments	1,313,390	53,555
Interest received on investments	14,640	10,184
Other revenue	(1,544)	33,120
Net cash provided by investing activities	1,164,650	96,859
Net increase (decrease) in cash and cash equivalents	334,324	370,486
Cash and cash equivalents at beginning of the year	748,759	378,273
Cash and cash equivalents at end of the year	$ 1,083,083	$ 748,759
Reconciliation of net operating loss to net cash used in operating activities are as follows:		
Operating loss	$ (5,236,797)	$ (3,950,134)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	3,219,628	3,181,606
(Increase) decrease in receivables	16,912	(8,157)
Increase in inventories	(35,072)	(18,673)
Decrease in prepaid expenses and other assets	5,494	11,263
Increase in trade payables and insurance payable	35,730	38,679
Increase (decrease) in accrued liabilities and other liabilities	325,126	(445,346)
Increase (decrease) in deferred income	106,456	(115,368)
Net cash used in operating activities	$ (1,562,523)	$ (1,306,130)
Noncash investing, capital and financing activities		
Contributions to GNOF	$ 439,244	$ 804,916
In kind capital contributions	$ 2,960,878	$ 804,756

See accompanying 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 $79,441 and $262,565 at June 30, 2013 and 2012, respectively.

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

Complete financial statements of the TIF can be obtained from New Orleans City Park Improvement Association, Attention: Fiscal Department, 1 Palm Drive, New Orleans, LA 70124.

(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 deprecation) 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. The Park applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

(c) 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. 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.

(d) Inventories

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

(1) Summary of Significant Accounting Policies (continued)

(e) Capital Assets

Capital assets are stated at historical cost. Contributed assets are recorded at fair market 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.

(f) 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.

(g) Net position

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

<u>Net investments in capital assets</u> - This component of net position consists of capital assets, net of accumulated depreciation. As of June 30, 2013 and 2012, the Park did not have debt related to capital assets.

<u>Restricted</u> - 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.

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

(h) 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.

(i) 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, 2013 and 2012.

(1) Summary of Significant Accounting Policies (continued)

(j) Deferred Income

Deferred 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.

(k) Reclassifications

Certain accounts in the 2012 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, 2013 and 2012:

	2013	2012
Current:		
Cash in banks	$ 1,083,083	$ 748,759
Certificates of deposit	27,909	27,909
Investments with Louisiana Asset Management Pool	1,013,868	2,165,422
Long-term:		
Investments held at Greater New Orleans Foundation	2,793,340	2,140,742
	$ 4,918,200	$ 5,082,832

Restricted cash and investments as of June 30, 2013 and 2012 are as follows:

	Restricted Cash	Restricted Investments	Total
2013:			
Ribet Fund	$ -	$ 27,909	$ 27,909
Greater New Orleans Foundation	-	2,674,412	2,674,412
New Orleans City Park Taxing District	44,921	-	44,921
Capital funds received from private donors	230,122	-	230,122
	$ 275,043	$ 2,702,321	$ 2,977,364
2012:			
Ribet Fund	$ -	$ 27,909	$ 27,909
Greater New Orleans Foundation	-	2,096,133	2,096,133
Capital funds received from private donors	242,963	-	242,963
	$ 242,963	$ 2,124,042	$ 2,367,005

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

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 $1,013,407 and $1,346,787 at June 30, 2013 and 2012, 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.

Investments - Statutes authorize the Park to invest in obligations of the U.S. Treasury, agencies, and Instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor's.

- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Park's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk 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. The WAM for LAMP's total investments is 58 days as of June 30, 2013.

- Foreign currency risk: Not applicable to 2a7-like pools.

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

The investments in LAMP are stated at fair value based on quoted market rates. 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 net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of June 30, 2013 and 2012, the Park had investments totaling $2,793,340 and $2,140,742, 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 from. 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, 2013 and 2012 are $118,928 and $44,609, respectively. The restricted balances at June 30, 2013 and 2012 are $2,674,412 and $2,096,133, 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.

Investments held at the Greater New Orleans Foundation at June 30 are as follows:

Classification	2013	2012
Money Market Funds	$ 54,818	$ 42,011
Fixed Income Funds	373,351	286,126
Equity Funds	1,565,361	1,199,651
Hedge and Other Funds	799,810	612,954
Total Funds	$ 2,793,340	$ 2,140,742

(3) Sales Taxes

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 $83,543.00 for the annual baseline collection rate, and $6,961.92 for the monthly baseline collection rate.

(4) Capital Assets

The capital assets of the Park as of June 30, 2013 and 2012 are as follows:

Description	2012	Additions	Deletions	2013	Estimated useful life (years)
Land	$ 3,062,144	$ -	$ -	$ 3,062,144	
Land improvements	11,117,481	4,347,720	-	15,465,201	10-30
Buildings and improvements	33,112,682	4,018,928	-	37,131,610	10-30
Fixed equipment	9,383,040	610,679	-	9,993,719	5-20
Moveable equipment	4,273,888	292,277	-	4,566,165	3-20
Construction in progress	4,850,753	5,724,327	7,590,508	2,984,572	
	65,799,988	14,993,931	7,590,508	73,203,411	
Less accumulated depreciation	(15,983,168)	(3,219,628)	-	(19,202,796)	
Capital assets, net	$ 49,816,820	$ 11,774,303	$ 7,590,508	$ 54,000,615	

Construction in progress of $2,984,572 and $4,850,753 as of June 30, 2013 and 2012, respectively, consists primarily of the new Festival Grounds, the new golf course and various other facilities and grounds improvements.

The capital assets of the Park as of June 30, 2012 and 2011 are as follows:

Description	2011	Additions	Deletions	2012	Estimated useful life (years)
Land	$ 3,062,144	$ -	$ -	$ 3,062,144	
Land improvements	9,130,102	1,987,379	-	11,117,481	10-30
Buildings and improvements	28,125,590	4,987,092	-	33,112,682	10-30
Fixed equipment	9,492,261	244,549	353,770	9,383,040	5-20
Moveable equipment	3,919,927	472,698	118,737	4,273,888	3-20
Construction in progress	6,377,291	5,099,482	6,626,020	4,850,753	
	60,107,315	12,791,200	7,098,527	65,799,988	
Less accumulated depreciation	(13,254,158)	(3,181,606)	(452,596)	(15,983,168)	
Capital assets, net	$ 46,853,157	$ 9,609,594	$ 6,645,931	$ 49,816,820	

(5) Deferred Income

Deferred income consists of the following at June 30, 2013 and 2012:

	2013	2012
Event deferral	$ 704,371	$ 584,726
Federal funds (FEMA)	27,561	27,561
Restricted contributions	202,213	215,402
	$ 934,145	$ 827,689

(6) Due to Other Governments

Due to other governments consists of the following at June 30, 2013 and 2012:

	2013	2012
State of Louisiana	$ 207,237	$ -
Federal (FEMA)	414,514	414,514
	$ 621,751	$ 414,514

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.

The Park owed $207,237 to the State of Louisiana as of June 30, 2013 for accrued insurance premiums.

(7) 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, 2013, are as follows:

2013	$ 190,744
2014	202,744
2015	150,744
2016	131,296
2017	114,000
Thereafter	336,500
Total	$ 1,126.028

(7) Operating Leases (continued)

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 through March 28, 2022. On August 21, 2012, the Park leased a portion of the first floor of the Casino Building to Morning Call in the Oaks, LLC for $3,400 a month increasing by $1,000 a month at the beginning of each year through August 20, 2015.

The cost and carrying amount included in buildings and improvements for the portion of facilities held for lease at June 30, 2013 were, as follows.

	Gross Cost	Accumulated Depreciation	Net Cost
Casino Building	$ 502,868	$ 230,951	$ 271,917
Equestrian Facility	726,910	-	726,910
Leased Facilities	$ 1,229,778	$ 230,951	$ 998,827

(8) 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 regular full time Park employees, permits them to defer a portion of their salary until future years. 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 $101,783 and $95,043 to the deferred compensation plan in 2013 and 2012, respectively.

(9) 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).

(9) 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 2013 and 2012, employee premiums for a single member receiving benefits ranged from $51 to $102 and $49 to $93 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 $129 to $289 and $124 to $262 per month for retiree and spouse coverage for fiscal years 2013 and 2012, 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 2013 and 2012 is as set forth below:

	2013	2012
Normal cost	$ 215,000	$ 229,900
30-year UAL amortization amount	77,400	77,400
Annual required contribution	$ 292,400	$ 307,300

(9) Other Postemployment Benefits (OPEB) (continued)

The following schedule presents the Park OPEB obligation at June 30, 2013 and 2012:

	2013	2012
Beginning net OPEB obligation	$ 1,725,900	$ 2,050,575
Annual required contribution	292,400	307,300
Actuarial adjustment	(230,269)	(577,359)
Interest on net OPEB obligation	69,036	82,023
ARC adjustment	(99,809)	(118,585)
OPEB cost	31,358	(306,621)
Contributions made (retiree premium)	(18,258)	(18,054)
Change in Net OPEB obligation	13,100	(324,675)
Ending net OPEB obligation, June 30, 2013	$ 1,739,000	$ 1,725,900

Using the pay-as-you-go method, the Park contributed 42% of the annual post-employment benefits cost during fiscal year 2013. The annual post-employment benefits cost was negative for fiscal year 2012.

Funded Status and Funding Progress

During fiscal years 2013 and 2012, neither the Park nor the State of Louisiana made contributions to its postemployment benefits plan trust. During fiscal years 2013 and 2012, 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 $1,739,000 and $1,725,900 was unfunded at June 30, 2013 and 2012, respectively.

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

	2013	2012
Actuarial accrued liability (AAL)	$ 1,739,000	$ 1,725,900
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 1,739,000	$ 1,725,900
Fund ratio (actuarial value of plan net assets / AAL)	0%	0%
Covered payroll	$ 1,557,000	$ 1,836,500
UAAL as a percentage of payroll	112%	94%

(9) 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, 2012 and 2011, 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% and 8.6% as of July 1, 2012 and 7.5% and 8.6% as of July 1, 2011, for pre-Medicare and Medicare eligible retirees, respectively. The RP 2000 Mortality Table was used in making actuarial assumptions. 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, 2013 and 2012, is 24 and 25 years, respectively.

(10) 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, 2013, unless terminated according to the cancellation provisions of the agreement.

(11) 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 ASSOCIATION

Schedule of Funding Progress for Louisiana's State OPEB Plan

Last 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]
2013	7/1/2013	$ -	$ 1,739,000	$ 1,739,000	0.0%	$ 1,557,000	111.7%
2012	7/1/2012	$ -	$ 1,725,900	$ 1,725,900	0.0%	$ 1,836,500	94.0%
2011	7/1/2011	$ -	$ 2,156,600	$ 2,156,600	0.0%	$ 1,809,100	119.2%

See accompanying independent auditors' report.

Schedule 2

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedules of Operating Expenses

For the years ended June 30, 2013 and 2012

	2013	2012
Administrative	$ 371,510	$ 476,313
Advertising	221,799	88,632
Contract labor	358,327	348,935
Contract services	813,770	694,173
Cost of goods sold	1,296,610	1,456,796
Depreciation	3,219,628	3,181,606
Fuel	83,844	82,576
Golf operations	1,137,071	1,340,882
Hurricane expense	551,184	-
Insurance	309,419	278,971
Master Plan	-	5,515
Other	51,535	91,469
Other postretirement benefits expense	13,100	(324,675)
Payroll	5,231,273	4,779,685
Payroll benefits	752,134	678,325
Rentals	41,036	32,036
Repairs and maintenance	502,705	603,204
Special events	61,029	43,839
Supplies	525,823	483,862
Telephone	13,761	12,431
Uniforms	16,149	9,957
Utilities	575,551	543,309
Operating expenses	$ 16,147,258	$ 14,907,841

See accompanying independent auditors' report.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

SINGLE AUDIT REPORT

JUNE 30, 2013

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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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 financial position as of June 30, 2013, and the related statements of changes in 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 20, 2013.

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.

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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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2013

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Board of Commissioners
New Orleans City Park Improvement Association

Report on Compliance for Each Major Federal Program

We have audited the compliance of the New Orleans City Park Improvement Association (the Park) with the types of compliance requirements described in the *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The Park's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Park's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Park's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Park is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Park's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities of the Park, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Park's basic financial statements. We issued our report thereon dated December 20, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Postlethwaite + Netterville

New Orleans, Louisiana
December 20, 2013

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/Program Title	**CFDA Number**	**Federal Expenditures**
U.S. Department of Homeland Security:		
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance (Pass-through award)	97.036	$ 28,677
Total U.S. Department of Homeland Security		28,677
U.S. Department of Housing and Urban Development:		
City of New Orleans Disaster Community Development Block Grant (Pass-through award)	14.228	1,682,193
Total U.S. Department of Housing and Urban Development:		1,682,193
Total Federal Expenditures		$ 1,710,870

See accompanying notes to Schedule of Expenditures of Federal Awards.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the New Orleans City Park Improvement Association. The Park's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2013. All Federal financial awards have been included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Park's financial statements for the year ended June 30, 2013.

(3) Relationship to Financial Statements

Federal awards are included in the statements of revenues, expenses, and changes in net position as follows:

Federal grant revenue	$ 28,677
Capital contributions	1,682,193
	$ 1,710,870

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

(1) Financial Statements

(a) The type of auditor's report issued: unmodified opinion

(b) Internal control over financial reporting:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: none reported

Noncompliance material to financial statements noted: no

(2) Federal Awards

(a) Internal control over major programs:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: none reported

(b) Type of auditor's report issued on compliance for major programs: unmodified opinion

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a): no

(d) Identification of major programs:

- Department of Housing and Urban Development – CFDA No. 14.228 – Community Development Block Grant

(e) Dollar threshold used to distinguish between Type A and Type B programs: $300,000

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

(3) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: none

(4) Findings and Questioned Costs relating to Federal Awards: none

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December 20, 2013

The Board of Commissioners
New Orleans City Park Improvement Association

In planning and performing our audit of the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United Statement of America and *Government Auditing Standards*, we considered the Park's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of a deficiency in internal control other than a significant deficiency and material weakness and a matter that is an opportunity for strengthening internal controls and operating efficiency. In accordance with *Government Auditing Standards*, we have issued our report 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. This letter does not affect our report dated December 20, 2013.

These comments and recommendation, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

<u>2013-1 Misappropriation of Cash Receipts</u>

Observation

During the course of normal operations, the Park's management detected an apparent misappropriation of two deposits in the amounts of $580 and $837 in April and May 2013, respectively. The Park performed an internal review and reported the incident to the New Orleans Police Department on June 12, 2013 and to the Louisiana Legislative Auditor in October 2013. After an investigation, the New Orleans Police Department did not file charges. The Park's policies and procedures were not sufficient to establish preventative controls over the theft of cash receipts. Detective controls did identify the misappropriation in a timely manner.

Recommendation

The Park should strengthen preventative processes and procedures over the cash receipts process.

Management's Response

The Park's management has reviewed its policies and procedures on a Park-wide basis. Additional policies and procedures have been adopted and controls have been implemented to strengthen preventative controls over deposits.

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The Board of Commissioners
New Orleans City Park Improvement Association
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December 20, 2013

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Park's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Sincerely,

Postlethwaite & Netterville

Postlethwaite & Netterville, APAC

P&N