

ANNUAL FINANCIAL REPORT
NON-FLOOD PROTECTION ASSET
MANAGEMENT AUTHORITY
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4 – 9
BASIC FINANCIAL STATEMENTS	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements:</u>	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Notes to Financial Statements	19 – 43
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	
Budget and Actual.....	44
Schedule of Proportionate Share of the Net Pension Liability	45
Schedule of Contributions - Retirement Plan	46
Schedule of Proportionate Share of the Net OPEB Liability	47
Notes to Required Supplemental Information	48
OTHER SUPPLEMENTARY INFORMATION	
Schedule "1" Schedule of Compensation, Benefits, and Other Payments to Agency Head ...	49
REQUIRED BY GOVERNMENT AUDITING STANDARDS:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50 - 51
Schedule of Findings and Responses.....	52
Summary Schedule of Prior Year Findings	53



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Non-Flood Protection Asset Management Authority
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Non-Flood Protection Asset Management Authority (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Authority'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 opinions.



To the Board of Commissioners
Non-Flood Protection Asset Management Authority
November 30, 2018

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Non-Flood Protection Asset Management Authority as of June 30, 2018 and the respective changes in the financial position and, where applicable, the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2018, the Non-Flood Protection Asset Management Authority adopted new accounting guidance, GASB Statement No. 75, (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). Our opinion is not modified with respect to this matter.

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, budgetary comparison information on page 48, and schedules of Proportionate Share of Net Pension Liability, Contributions – Retirement Plan, Proportionate Share of the Collective Net OPEB Liability on pages 49 to 51 and the related notes to required supplemental information on page 52 (together "required supplementary information") are presented to supplement the basic financial statements. Such information, although not 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.



To the Board of Commissioners
Non-Flood Protection Asset Management Authority
November 30, 2018

The Schedule of Compensation, Benefits, and Other Payments to Agency Head 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. Such 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 Schedule of Compensation Benefits and Other Payments to Agency Head 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 November 30, 2018, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

November 30, 2018
New Orleans, Louisiana

Certified Public Accountants

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Management's Discussion and Analysis of the Non-Flood Protection Asset Management Authority (the Authority) presents a narrative overview and analysis of the Authority's financial results for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts relating to the Non-Flood Protection Asset Management Authority and the following five organizations:

- South Shore Harbor Marina
- Lakefront Airport
- Orleans Marina
- Lake Vista
- New Basin Canal

These five organizations are accounted for as proprietary funds of the Authority. While the Orleans Levee District owns the assets of these proprietary funds, the Southeast Louisiana Flood Protection Authority – East is prohibited from managing or operating them. Accordingly, they are managed and controlled by the Authority. The powers and duties of the Authority are designated in LA R.S. 38:330.12 and LA R.S. 38:330.12.1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Non-Flood Protection Asset Management Authority's (the "Authority") basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The "government-wide financial statements" are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The "Statement of Net Position" presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (c.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish function of the Authority that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Authority has both governmental activities and business-type activities.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

The governmental activities include most of the Authority's basic services such as infrastructure and public works, and general government. Property taxes and operating grants finance most of this activity. The vast majority of governmental activities are related to upkeep of roadways and public recreation areas along Lake Pontchartrain and related activities.

The business-type activities reflect operations that are financed and operated in a manner similar to private businesses where the entity charges a fee for services it provides. The Orleans Levee District's marinas, airport, and business park which are managed by the Authority are included here.

The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor. The Authority is a component unit of the Southeast Louisiana Flood Protection Authority – East, which is a component unit of the State of Louisiana.

FUND FINANCIAL STATEMENTS

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority's funds are classified as "governmental funds" and "proprietary funds". Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The proprietary funds for which the Non-Flood Protection Asset Management Authority charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

The Authority maintain two funds that are grouped for management purposes into various fund types. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Statement of Revenues, Expenditures, and Changes In Fund Balances for the following funds: the Orleans Levee District Real Estate Fund and Orleans Levee District General Improvement Fund. Both of these funds are considered to be "major" funds.

The Non-Flood Protection Asset Management Authority Board adopts annual budgets for both of the governmental and improvement funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

BASIC COMBINED FINANCIAL STATEMENT

The basic combined financial statements present information for the combined operations of the Authority in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Activities and Changes in Net Position, and the Statement of Cash Flows.

The Combined Statement of Net Position presents the current and long-term portions of assets and liabilities separately, as well as deferred inflows and deferred outflows. The difference between assets, deferred outflows, liabilities, and deferred inflows is net position and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Combined Statement of Activities and Changes in Net Position presents information showing how the Authority's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Combined Statement of Cash Flows presents information showing how the Proprietary Funds' cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Codification 2200.

FINANCIAL HIGHLIGHTS

	Net Position					
	<u>(In Thousands)</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 344	\$ 6,407	\$ 7,883	\$ 6,848	\$ 8,227	\$ 13,255
Capital assets	<u>55,115</u>	<u>57,317</u>	<u>92,915</u>	<u>94,451</u>	<u>148,030</u>	<u>151,768</u>
Total assets	<u>55,459</u>	<u>63,724</u>	<u>100,798</u>	<u>101,299</u>	<u>156,257</u>	<u>165,023</u>
Total deferred outflows of resources	229	331	492	825	721	1,156
Current liabilities	7,092	6,995	381	164	7,473	7,159
Long-term liabilities	<u>1,971</u>	<u>2,123</u>	<u>4,238</u>	<u>4,672</u>	<u>6,209</u>	<u>6,795</u>
Total liabilities	<u>9,063</u>	<u>9,118</u>	<u>4,619</u>	<u>4,836</u>	<u>13,682</u>	<u>13,954</u>
Total deferred inflows of resources	63	12	701	670	764	682
Net investment in capital assets	55,115	57,317	92,915	94,451	148,030	151,768
Unrestricted	<u>(8,553)</u>	<u>(2,392)</u>	<u>3,055</u>	<u>2,167</u>	<u>(5,498)</u>	<u>(225)</u>
Total net position	<u>\$ 46,562</u>	<u>\$ 50,750</u>	<u>\$ 95,970</u>	<u>\$ 96,618</u>	<u>\$ 142,532</u>	<u>\$ 147,368</u>

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

- The Authority's total net position at the close of fiscal year 2018 was \$142.5 million compared with net position a year earlier of \$147.4 million, an 3% unfavorable change and \$4.9 million decrease.
- The Authority's total net position for the governmental activities at the close of fiscal year 2018 was \$46.6 million compared with net position a year earlier of \$50.8 million, a decrease of \$4.2 million or 8% year over year. Significant contributors to the decrease in net position include depreciation expense and the accrual of liabilities for compensated absences, OPEB & Net Pension. The Authority's total net position for business-type activities at the close of fiscal year 2018 was \$95.9 million compared with net position a year earlier of \$96.6 million, a decrease of \$.7 million or .7% year over year. Significant contributors to the decrease include depreciation.

Condensed Statement of Activities and Changes in Net Position

The following table describes the changes in net position of the Authority during the current and prior fiscal years:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program revenues	\$ -	\$ -	\$ 7,758	\$ 6,475	\$ 7,758	\$ 6,475
Program expenses	<u>3,879</u>	<u>3,660</u>	<u>8,241</u>	<u>10,964</u>	<u>12,120</u>	<u>14,624</u>
Program Loss	<u>(3,879)</u>	<u>(3,660)</u>	<u>(483)</u>	<u>(4,489)</u>	<u>(4,362)</u>	<u>(8,149)</u>
General revenues and Transfers	<u>2,124</u>	<u>2,249</u>	<u>161</u>	<u>822</u>	<u>2,285</u>	<u>3,071</u>
Changes in net position	<u>\$ (1,755)</u>	<u>\$ (1,411)</u>	<u>\$ (322)</u>	<u>\$ (3,667)</u>	<u>\$ (2,077)</u>	<u>\$ (5,078)</u>

- Total program revenue increased by \$1.3 million and total general revenues decreased by \$785 thousand and total governmental general revenues decreased by \$124,000 thousand mostly as a result of unbudgeted FEMA Reimbursement received in 2017 of \$139 thousand.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

CAPITAL ASSETS

The following table lists the capital assets, net of depreciation, of the Authority at the end of the current and prior fiscal years:

Capital Assets at Year-end
(Net of Depreciation, In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 4,114	\$ 4,114	\$ 22,055	\$ 22,055	\$ 26,169	\$ 26,169
Buildings	4,619	2,857	44,160	45,459	48,779	48,316
Improvements	919	1,004	25,332	26,623	26,251	27,627
Equipment	63	7	111	131	174	138
Infrastructure	45,399	47,523	33	52	45,432	47,575
Construction-in-progress	-	1,811	1,225	131	1,225	1,942
Total capital assets, net	\$ <u>55,114</u>	\$ <u>4,558,525</u>	\$ <u>92,915</u>	\$ <u>94,451</u>	\$ <u>148,030</u>	\$ <u>151,767</u>

Governmental total fixed assets decreased by \$2.2 million. Changes in fixed assets are due to depreciation.

Governmental Fund Budgetary Highlights

The Authority's officials considered many factors when setting the original fiscal year 2018 budget. Anticipated revenues versus salary and benefit expenditures with additional staff, monthly services such as utilities, and expenditures required to maintain the assets (i.e. Trash Pick Up, Grass Cutting, etc.) The remainder after that allowed us to determine which capital improvement projects could be undertaken if any.

The revenue variance between the actual amounts received versus the original budgeted amount of \$267,435 is due to increased tax revenue, investment income and miscellaneous revenue from location agreements and LWCC Dividends. During the year, we amended the budget to reflect these occurrences.

Variances from the original budgeted expenditures to actual expenditures were a positive variance of \$750 thousand (expenses were under budget) which consisted of salaries and benefits budgeted in the general fund and subsequently allocated to the proprietary type funds at year end, as done historically to align salaries in the appropriate fund. For the FYE 2019 budget, we budgeted the allocated salaries and benefits in the general and proprietary funds. Additionally, the variance is due to budgeted maintenance being less than anticipated.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

Economic Factors and Next Year's Budgets, Rates, and Fees

The Authority's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Changes in organization processes
- Necessary major maintenance and project expenditures
- Need for additional personnel to return to adequate staffing

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at New Orleans Lakefront Airport, Terminal Building, Suite 233, 6001 Stars & Stripes Blvd., New Orleans, Louisiana 70126.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 955,477	\$ -	\$ 955,477
Investments - LAMP	6,323,591	-	6,323,591
Receivables	-	134,436	134,436
Internal balances	(7,187,910)	7,187,910	-
Due from other governments	189,110	416,556	605,666
Inventory	9,601	-	9,601
Other assets	54,238	144,194	198,432
Total current assets	344,107	7,883,096	8,227,203
<u>NON-CURRENT ASSETS:</u>			
Capital assets:			
Land	4,114,037	22,054,735	26,168,772
Construction in progress	-	1,224,964	1,224,964
Other capital assets, net of depreciation	51,000,623	69,635,446	120,636,069
Total noncurrent assets	55,114,660	92,915,145	148,029,805
Total assets	55,458,767	100,798,241	156,257,008
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
OPEB deferrals	16,240	34,944	51,184
Pension deferrals	212,819	457,945	670,764
Total deferred outflows of resources	229,059	492,889	721,948
<u>CURRENT LIABILITIES:</u>			
Accounts payable	98,134	48,759	146,893
Accrued compensated absences	51,315	29,842	81,157
Due to Southeast Louisiana Flood Protection Authority - East	6,891,204	81,579	6,972,783
Due to other agencies	30,743	55,276	86,019
Other liabilities	20,735	165,494	186,229
Total current liabilities	7,092,131	380,950	7,473,081
<u>NON-CURRENT LIABILITIES:</u>			
Accrued compensated absences	33,352	69,677	103,029
Post-employment benefit liability	601,119	1,293,500	1,894,619
Net pension liability	1,336,177	2,875,217	4,211,394
Total noncurrent liabilities	1,970,648	4,238,394	6,209,042
Total liabilities	9,062,779	4,619,344	13,682,123
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred revenue	-	565,063	565,063
OPEB Deferrals	37,329	80,325	117,654
Pension deferrals	25,980	55,908	81,888
Total deferred inflows of resources	63,309	701,296	764,605
<u>NET POSITION</u>			
Net investment in capital assets	55,114,660	92,915,145	148,029,805
Unrestricted	(8,552,922)	3,055,345	(5,497,577)
Total net position	\$ 46,561,738	\$ 95,970,490	\$ 142,532,228

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General government	\$ 3,944,890	\$ -	\$ -	\$ (3,944,890)	\$ -	\$ (3,944,890)
Total governmental activities	3,944,890	-	-	(3,944,890)	-	(3,944,890)
Business-Type Activities:						
Lakefront Airport	5,119,526	2,511,360	1,729,134	-	(879,032)	(879,032)
South Shore Harbor Marina	1,519,936	929,107	-	-	(590,829)	(590,829)
Orleans Marina	1,319,579	1,335,514	-	-	15,935	15,935
Non-major funds	639,042	1,253,440	-	-	614,398	614,398
Total business-type activities	8,598,083	6,029,421	1,729,134	-	(839,528)	(839,528)
Total functions/programs	\$ 12,542,973	\$ 6,029,421	\$ 1,729,134	(3,944,890)	(839,528)	(4,784,418)
General Revenues:						
Taxes				1,942,756	-	1,942,756
Unrestricted investment earnings				66,566	-	66,566
Miscellaneous income				115,213	545,443	660,656
Total general revenues				2,124,535	545,443	2,669,978
Change in net position				(1,820,355)	(294,085)	(2,114,440)
Net position - beginning of year				48,546,418	96,618,165	145,164,583
Restatement of net position				(164,325)	(353,590)	(517,915)
Net position, as restated - beginning of year				48,382,093	96,264,575	144,646,668
Net position - end of year				\$ 46,561,738	\$ 95,970,490	\$ 142,532,228

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS

	NFPAMA OLD Real Estate Fund	NFPAMA General Improvement Fund	Total Governmental Funds
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents	\$ 955,477	\$ -	\$ 955,477
Investments - LAMP	6,323,591	-	6,323,591
Receivables	-	-	-
Due from other funds	16,308,206	-	16,308,206
Due from other governments	-	189,110	189,110
Due from Southeast Louisiana Flood Protection Authority - East	-	303,227	303,227
Inventory	9,601	-	9,601
Other assets	<u>54,238</u>	<u>-</u>	<u>54,238</u>
 Total assets	 <u>\$ 23,651,113</u>	 <u>\$ 492,337</u>	 <u>\$ 24,143,450</u>

LIABILITIES AND FUND BALANCES

<u>LIABILITIES:</u>			
Accounts payable	\$ 98,134	\$ -	\$ 98,134
Other accrued	20,735	-	20,735
Due to other funds	20,985,209	2,510,907	23,496,116
Due to other agencies	-	30,743	30,743
Due to Southeast Louisiana Flood Protection Authority - East	<u>7,194,431</u>	<u>-</u>	<u>7,194,431</u>
 Total liabilities	 <u>28,298,509</u>	 <u>2,541,650</u>	 <u>30,840,159</u>
 <u>FUND BALANCES:</u>			
Nonspendable:			
Prepaid and other assets	54,238	-	54,238
Unassigned	<u>(4,701,634)</u>	<u>(2,049,313)</u>	<u>(6,750,947)</u>
 Total fund balances (deficit)	 <u>(4,647,396)</u>	 <u>(2,049,313)</u>	 <u>(6,696,709)</u>
 Total liabilities and fund balances	 <u>\$ 23,651,113</u>	 <u>\$ 492,337</u>	 <u>\$ 24,143,450</u>

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Fund balances - total governmental funds	\$	(6,696,709)
Amounts reported for governmental activities in the Combined Statement of Net Position are different because:		
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$40,610,406		55,114,660
Contributions to the pension plan and benefit plans in the current fiscal year, changes in proportion and differences between employers contributions and proportion of shared contributions are deferred outflows of resources on the statement of net position		
Pensions		212,819
OPEB		16,240
Contributions to the pension plan and benefit plans in the prior fiscal year, changes in proportion and differences between employers contributions and proportion of shared contributions are deferred inflows of resources on the statement of net position		
Pensions		(25,980)
OPEB		(37,329)
Liabilities that are not due and payable within 60 days of year-end and, therefore, and not reported in the funds		
Accrued compensated absences		(84,667)
Post-employment benefit liability		(601,119)
Net pension liability		<u>(1,336,177)</u>
Net position of governmental activities	\$	<u>46,561,738</u>

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	NFPAMA OLD Real Estate Fund	NFPAMA General Improvement Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES:</u>			
Taxes	\$ 1,942,756	\$ -	\$ 1,942,756
Other	115,213	-	115,213
Interest earnings	<u>66,566</u>	<u>-</u>	<u>66,566</u>
Total revenues	<u>2,124,535</u>	<u>-</u>	<u>2,124,535</u>
<u>EXPENDITURES:</u>			
General government	1,315,166	202	1,315,368
Capital outlay	<u>200,887</u>	<u>-</u>	<u>200,887</u>
Total expenditures	<u>1,516,053</u>	<u>202</u>	<u>1,516,255</u>
Net change in fund balances	608,482	(202)	608,280
Fund balances (deficit) - beginning of year	<u>(5,255,878)</u>	<u>(2,049,111)</u>	<u>(7,304,989)</u>
Fund balances (deficit) - end of year	<u>\$ (4,647,396)</u>	<u>\$ (2,049,313)</u>	<u>\$ (6,696,709)</u>

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances, total governmental funds	\$	608,280
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset additions		200,887
Depreciation expense		(2,444,648)
<p>Some items reported in the Statement of Activities and Changes in Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
Compensated absences		(45,249)
OPEB		(49,495)
Pensions		<u>(90,130)</u>
Change in net position	\$	<u>(1,820,355)</u>

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF JUNE 30, 2018

	Major Funds			Non-Major	Total Proprietary Funds
	South Shore Harbor Marina	Lakefront Airport	Orleans Marina	Lake Vista and New Basin Canal	
<u>CURRENT ASSETS:</u>					
Receivables, net of allowance for uncollectable accounts	\$ 81,649	\$ 9,294	\$ 38,557	\$ 4,936	\$ 134,436
Due from other funds	5,832,240	-	5,590,894	9,562,075	20,985,209
Due from other governments	-	413,724	-	2,832	416,556
Due from Southeast Louisiana Flood Protection Authority - East	-	2,992,025	799,985	-	3,792,010
Other assets	(1,500)	121,002	23,627	1,065	144,194
Total current assets	<u>5,912,389</u>	<u>3,536,045</u>	<u>6,453,063</u>	<u>9,570,908</u>	<u>25,472,405</u>
<u>NON-CURRENT ASSETS:</u>					
Land	3,358,103	15,449,799	301,339	2,945,494	22,054,735
Construction in progress	-	1,224,964	-	-	1,224,964
Other capital assets, net of depreciation	<u>11,382,541</u>	<u>57,065,984</u>	<u>1,144,165</u>	<u>42,756</u>	<u>69,635,446</u>
Total noncurrent assets	<u>14,740,644</u>	<u>73,740,747</u>	<u>1,445,504</u>	<u>2,988,250</u>	<u>92,915,145</u>
Total assets	<u>20,653,033</u>	<u>77,276,792</u>	<u>7,898,567</u>	<u>12,559,158</u>	<u>118,387,550</u>
Deferred outflow of resources - pensions	65,733	280,407	64,978	46,827	457,945
Deferred outflow of resources - OPEB	<u>5,016</u>	<u>21,397</u>	<u>4,958</u>	<u>3,573</u>	<u>34,944</u>
Total deferred outflows	<u>70,749</u>	<u>301,804</u>	<u>69,936</u>	<u>50,400</u>	<u>492,889</u>
Total assets and deferred outflow of resources	<u>20,723,782</u>	<u>77,578,596</u>	<u>7,968,503</u>	<u>12,609,558</u>	<u>118,880,439</u>
<u>CURRENT LIABILITIES:</u>					
Accounts payable	-	48,759	-	-	48,759
Due to other funds	-	13,797,299	-	-	13,797,299
Due to other governments	25,534	11,840	17,902	-	55,276
Due to Southeast Louisiana Flood Protection Authority - East	3,755,033	92,760	24,273	1,523	3,873,589
Other liabilities	<u>2,950</u>	<u>29,862</u>	<u>48,031</u>	<u>84,651</u>	<u>165,494</u>
Total current liabilities	<u>3,783,517</u>	<u>13,980,520</u>	<u>90,206</u>	<u>86,174</u>	<u>17,940,417</u>
<u>NON-CURRENT LIABILITIES:</u>					
Post-employment benefit liability	185,668	792,032	183,536	132,264	1,293,500
Net pension liability	412,705	1,760,543	407,968	294,001	2,875,217
Accrued compensated absences	<u>9,926</u>	<u>84,787</u>	<u>4,806</u>	<u>-</u>	<u>99,519</u>
Total noncurrent liabilities	<u>608,299</u>	<u>2,637,362</u>	<u>596,310</u>	<u>426,265</u>	<u>4,268,236</u>
Total liabilities	<u>4,391,816</u>	<u>16,617,882</u>	<u>686,516</u>	<u>512,439</u>	<u>22,208,653</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Deferred revenue	345,091	219,972	-	-	565,063
Pension deferrals	8,025	34,233	7,933	5,717	55,908
OPEB deferrals	<u>11,529</u>	<u>49,184</u>	<u>11,398</u>	<u>8,214</u>	<u>80,325</u>
Total deferred inflows of resources	<u>364,645</u>	<u>303,389</u>	<u>19,331</u>	<u>13,931</u>	<u>701,296</u>
<u>NET POSITION:</u>					
Net investment in capital assets	14,740,644	73,740,747	1,445,504	2,988,250	92,915,145
Unrestricted	<u>1,226,677</u>	<u>(13,083,422)</u>	<u>5,817,152</u>	<u>9,094,938</u>	<u>3,055,345</u>
Total net position	<u>\$ 15,967,321</u>	<u>\$ 60,657,325</u>	<u>\$ 7,262,656</u>	<u>\$ 12,083,188</u>	<u>\$ 95,970,490</u>

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR END JUNE 30, 2018

	Major Funds			Non-Major	Total Proprietary Funds
	South Shore Harbor Marina	Lakefront Airport	Orleans Marina	Lake Vista and New Basin Canal	
<u>OPERATING REVENUES:</u>					
Charges for services:					
Rentals	\$ 929,107	\$ 1,789,344	\$ 1,335,514	\$ 1,253,440	\$ 5,307,405
Fuel storage fees	-	722,016	-	-	722,016
Total charges for services	929,107	2,511,360	1,335,514	1,253,440	6,029,421
Miscellaneous	16,875	492,185	32,563	3,820	545,443
Total operating revenues	945,982	3,003,545	1,368,077	1,257,260	6,574,864
<u>OPERATING EXPENSES:</u>					
Personnel services	103,736	789,145	286,952	463,825	1,643,658
Travel	596	3,022	-	-	3,618
Contractual services	461,693	1,645,927	733,008	107,163	2,947,791
Materials and supplies	36,383	104,541	10,377	2,976	154,277
Professional services	23,797	374,062	162,365	32,121	592,345
Other charges	48,877	8,458	50,368	3,528	111,231
Depreciation	844,854	2,172,856	76,509	29,429	3,123,648
Major maintenance	-	21,515	-	-	21,515
Total operating expenses	1,519,936	5,119,526	1,319,579	639,042	8,598,083
Net operating income (loss)	(573,954)	(2,115,981)	48,498	618,218	(2,023,219)
<u>NON-OPERATING REVENUES:</u>					
Grant income	-	1,729,134	-	-	1,729,134
Total nonoperating revenues	-	1,729,134	-	-	1,729,134
Change in net position	(573,954)	(386,847)	48,498	618,218	(294,085)
Total net position - beginning of year	16,592,029	61,260,681	7,264,329	11,501,126	96,618,165
Restatement of net position	(50,754)	(216,509)	(50,171)	(36,156)	(353,590)
Total net position - beginning of year, as restated	16,541,275	61,044,172	7,214,158	11,464,970	96,264,575
Total net position - end of year	\$ 15,967,321	\$ 60,657,325	\$ 7,262,656	\$ 12,083,188	\$ 95,970,490

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major Funds</u>			<u>Non-Major</u>	Total Proprietary Funds
	South Shore Harbor Marina	Lakefront Airport	Orleans Marina	Lake Vista and New Basin Canal	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers	\$ 960,306	\$ 2,528,262	\$ 1,415,379	\$ 1,267,100	\$ 6,171,047
Other operating cash receipts	16,876	492,185	32,563	3,820	545,444
Payments to suppliers	(677,221)	(1,842,286)	4,401,552	(1,172,139)	709,906
Payments to employees	(271,031)	(1,293,114)	(299,342)	(112,624)	(1,976,111)
Net cash from (used in) operating activities	<u>28,930</u>	<u>(114,953)</u>	<u>5,550,152</u>	<u>(13,843)</u>	<u>5,450,286</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Proceeds from federal and state grants	(28,930)	1,702,692	(5,590,894)	(5,379)	(3,922,511)
Purchase of capital assets	-	(1,587,739)	40,742	19,222	(1,527,775)
Net cash from (used in) capital and related financing activities	<u>(28,930)</u>	<u>114,953</u>	<u>(5,550,152)</u>	<u>13,843</u>	<u>(5,450,286)</u>
Net change in cash	-	-	-	-	-
Cash and cash equivalents – beginning of year	-	-	-	-	-
Cash and cash equivalents – end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FROM (USED IN) OPERATING ACTIVITIES:</u>					
Operating income (loss)	\$ (573,954)	\$ (2,115,981)	\$ 48,498	\$ 618,218	\$ (2,023,219)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:					
Cash flows reported in other categories:					
Depreciation expense	844,854	2,172,856	76,509	10,206	3,104,425
Change in assets and liabilities:					
Receivables, net	31,199	16,902	79,865	13,660	141,626
Due from other funds	188,001	-	5,408,390	(1,041,416)	4,554,975
Prepaid expenses and other assets	1,500	(42,392)	(22,927)	(47,892)	(111,711)
Deferred outflows pensions	30,678	78,880	(27,076)	(25,466)	57,016
Deferred outflows OPEB	(5,016)	(21,397)	(4,958)	(3,573)	(34,944)
Accounts and other payables	(27,948)	(10,575)	(45,695)	-	(84,218)
Due to other funds	(292,962)	326,504	-	(2,201)	31,341
Due to other governments	25,534	11,840	17,902	-	55,276
Post-employment benefit liability	58,146	279,318	25,442	135,040	497,946
Net pension liability	(260,496)	(873,418)	5,081	232,403	(896,430)
Other liabilities	1,450	29,862	-	84,382	115,694
Accrued compensated absences	796	(2,230)	(22,785)	-	(24,219)
Change in deferred inflow of resources	7,148	34,878	11,906	12,796	66,728
Net cash from (used in) operating activities	<u>\$ 28,930</u>	<u>\$ (114,953)</u>	<u>\$ 5,550,152</u>	<u>\$ (13,843)</u>	<u>\$ 5,450,286</u>

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

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Non-Flood Protection Asset Management Authority (Authority) was created by LA R.S. 38:330.12 which placed the non-flood related assets and activities of the Orleans Levee District under the management and control the Authority. The statute also states that those assets will continue to be owned by the Orleans Levee District. The creation, powers, duties and functions of the Authority are specified in LA R.S. 38:330.12.1.

The Authority is governed by a Board of Commissioners (the Board), consisting of 17 members. The members shall be composed of the following members who shall be subject to Senate confirmation, provided that no elected official shall be appointed to serve as a member:

- One member appointed by the Southeast Louisiana Flood Protection Authority East.
- One member appointed by the state senator representing Senate District No. 3 and Senate District No. 4, and by the state representative representing House District No. 97, House District No. 94, House District No. 99, and by the Congressional Representative representing Congressional District No. 1 and Congressional District No. 2. At least one member appointed shall be a lawyer, at least one member shall be a certified public accountant and at least one member shall be a realtor.
- One member appointed by the mayor of the city of New Orleans.
- One member appointed by each New Orleans city council member in whose district a non-flood asset is located.
- Two members appointed jointly by the presidents of the Lakeshore, Lake Vista, Lake Terrace, and Lake Oaks property owners associations.
- One member appointed by the secretary of the Department of Transportation and Development.
- One member appointed by the Lake Pontchartrain Basin Foundation.
- One member appointed by the board for the New Orleans City Park.

Regular monthly meetings of the Board are convened at a place determined by the Board.

The Financial Statements of the Authority include the governmental fund and the general improvement fund, as well as the aggregate results of the enterprise fund assets of the Orleans Levee District which it manages.

The Authority has responsibility not only for the proprietary funds of the Orleans Levee District, but also roadways and public recreation areas along Lake Pontchartrain and all government-type activities related to them. The Real Estate administrative fund is reported with the governmental funds. The General Improvement fund is also managed by the Authority.

Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the Authority as a whole. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, And Financial Statement Presentation
(Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function (allocated to functions based on actual revenues and expenditures) and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

Net position is displayed in three components:

- Net investment in capital assets – consists of capital assets, net of related debt.
- Restricted – when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Basis of Accounting

In April 1984, the Financial Accounting Foundation established the GASB to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The accompanying financial statements have been prepared in accordance with such principles. The accompanying financial statements present information only as to the transactions of the Authority as authorized by Louisiana statutes. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Authority are maintained in accordance with applicable statutory provisions and the regulations of the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting, And Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers most revenues available if they are collected within 60 days after year end. For certain grants for which collectability is assured, but do not meet the availability criteria, the revenue is recorded as unearned revenue. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when paid.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

In 2012, the Authority adopted the provisions of GASB Codification 1300 *Fund Accounting* and 1800 *Classification and Terminology*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the Authority is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Authority to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority. Those committed amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constrained by the Authority's intent to be used for specific purposes but are neither restricted nor committed. The authorization for assigning fund balance is expressed by the Authority or the designee as established in the Authority's Fund Balance Policy.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, And Financial Statement Presentation
(Continued)**

- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources in the following order: committed resources first, then assigned, and then unassigned as they are needed.

Net Position

In 2013, the Authority adopted GASB Standards which provided financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position. State and local governments enter into transactions that result in the consumption or acquisition of assets in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a statement of net position in a separate section following assets and deferred inflows of resources should be reported in a separate section following liabilities. During 2013, the Authority adopted the statement and restated balances previously referred to as net assets to net position.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components – *net investment in capital assets* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Major Funds

The Authority’s Real Estate Fund is used to provide management and administration of non-flood control operations, including the Orleans Levee District's proprietary funds as well as parks, roadways, and bridges. The Authority’s General Improvement Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of non-flood protection related capital facilities. This fund is controlled and managed by the Authority.

The South Shore Harbor Marina, Orleans Marina, Lakefront Airport, Lake Vista, and New Basin Canal are proprietary funds used for financial resources received and used for the acquisition, construction, or improvement of capital facilities. These funds are controlled and managed by the Authority.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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 estimates.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all demand accounts and certificates of deposit with an original maturity of three months or less.

Under state law, the Authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. State statutes authorize the Authority to invest in United States bonds, treasury notes or certificates. These are classified as investments if the original maturities exceed 90 days. Investments are stated at fair value using published market rates.

Cash and cash equivalents are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of commercial paper held by the state treasurer. The Authority's cash deposits were fully covered by the Federal Deposit Insurance Corporation ("FDIC") and pledged securities at June 30, 2018.

Investments - LAMP

The Louisiana Asset Management Pool, ("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 rated AAA by Standard & Poor's.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to the account balances. 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 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 U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

LAMP is stated at amortized cost due to liquidity.

The Authority also maintains investment accounts as authorized by LA RS 33:2955. Nearly all investments held by general purpose governments are required to be reported at fair value in their basic financial statements by GASB Codification 150 *Investment*.

Receivables

All receivables are shown net of allowance for doubtful accounts.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Interfund Receivables or Payables

The amounts are referred to as either due to or due from other funds, which result from a pooled cash management process. Interfund receivables or payables reflect a cumulative excess of costs (due from) or revenue (due to) generally between the general funds and all other funds. As a general rule, all interfund balances are eliminated in the government-wide financial statements.

Inventory

Supplies and fuel are charged to inventory and expensed when used.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, such as bridges, seawalls, roads, and levees, are reported in the financial statements. In accordance with accounting principles generally accepted in the United States of America and the GASB Codification 2200, governments are required to identify infrastructure assets, including flood control systems. The Authority has recorded the costs of construction for projects identified in its bond documents and will continue to recognize its portion of the cost of infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority and its related districts have implemented a \$5,000 minimum capitalization threshold. The Authority's capitalization threshold for infrastructure assets is \$2,000,000 to be consistent with the recommendation by the Office of Statewide Reporting and Accounting Policy.

The following are the major classes of capital assets and the related asset lives:

Buildings	20-40 years
Improvements other than buildings	3-40 years
Equipment	5-40 years
Infrastructure	25-50 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has two items that meet this criterion – OPEB and pension-related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has two items that meet the criteria for this category – OPEB and pension-related deferrals.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees earn and accumulate annual and sick leave of various rates, depending on the years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or the employee's estate are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, it is the Authority's policy to pay any accumulated compensatory leave at the employee's hourly rate of pay at the time of termination.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System and additions to/deductions from this retirement system's fiduciary net positions have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Office of Group Benefits plan and additions to deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the OGB. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, long-term obligations are recognized as liabilities in the applicable governmental activities statement of net position.

Date of Management's Review

Subsequent events have been evaluated through October 23, 2018, the date the financial statements were available to be issued.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Balance Sheet

Governmental funds include a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic resources measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, long-term debt, accrued compensated absences, net pension liability, post-employment benefits payable, legal settlement payable, and deferred revenue, which are shown on the government-wide but not the governmental fund statements. The statement of revenues, expenditures, and changes in fund balances – governmental funds include reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities. Governmental funds report capital outlays as expenditures; however, in the statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Other differences in recognition include number of months allowed in estimating revenue collections, contributions to the pension plan in the current fiscal year, classification of changes in long term obligations, pension expense, and post-employment benefit and pension expense.

Formal budgetary accounting is employed as a management control device during the year for the Authority's General Fund.

Expenditures are controlled at a major cost category level. The Executive Director may reallocate resources among cost categories and departments so long as aggregate cost does not change. Changes to the budgets that will change total revenue or expense must be approved by the Board.

Budgetary Accounting

By April 1 of each year, the Board submits the annual budgets to the Joint Legislative Committee on the Budget and to the Legislative Auditor of the State of Louisiana for the succeeding fiscal year. The operating and capital budgets include proposed expenditures and the means of financing.

All original budgets were adopted on March 30, 2017. The budget was amended on November 30, 2017. The budgeted amounts are included, respectively, as the original and final budgets in the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Governmental Funds. The most significant changes made are described below:

Revenues

Authority's original budget called for a total of \$1,857,100 in revenues, with the budget not being amended for revenues. The Authority had a favorable revenue variance of \$267,435.

Expenditures

The Authority's original budget called for total expenditures of \$1,429,464 and was subsequently amended to \$1,532,464. The amended budget to actual variance was unfavorable by \$18,269. Combined variances in the final budget amounts and actual results are shown in the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Governmental Funds.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(2) CASH AND INVESTMENTS

Cash

Cash includes petty cash and demand deposits. Cash equivalents may include amounts in time deposits, money market mutual funds, commercial paper, and United States Treasury bills.

Amounts deposited in banks were as follows:

	<u>Cash</u>	<u>LAMP</u>	<u>Total</u>
Balance per agency books	\$ 955,477	\$ 6,323,591	\$ 7,279,068
Deposits in bank accounts per bank	\$1,565,591	\$ 6,323,591	\$ 7,889,182

The total bank balances will not necessarily equal the deposits in bank account per the statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. All balances are covered by sufficient collateral and FDIC coverage.

Investments

At June 30, 2018, the Authority had investments of \$6,323,591 with the Louisiana Asset Management Pool (LAMP). LAMP investments are stated at amortized cost, and are therefore not included in the fair value hierarchy.

(3) CAPITAL ASSETS

Infrastructure assets as of June 30, 2018, were as follows:

	<u>Governmental</u>	<u>Proprietary</u>
Bridges and roadways	\$ 78,507,012	\$ -
Parks and recreation	4,089,716	351,137
Subtotal – other infrastructure assets	82,596,728	351,137
Flood protection systems	-	49,974
Total – infrastructure assets	\$ 82,596,728	\$ 401,111

Accumulated depreciation on infrastructure assets amounted to \$37,197,456 and \$368,561 for Governmental and Proprietary infrastructure assets, respectively, at year-end.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(3) CAPITAL ASSETS (CONTINUED)

A summary of changes in governmental fund type fixed assets for the year ended June 30, 2018 is as follows:

	<u>6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2018</u>
Capital assets not being depreciated:				
Land	\$ 4,114,037	\$ -	\$ -	\$ 4,114,037
Construction-in-progress	<u>1,811,040</u>	<u>89,415</u>	<u>(1,900,455)</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,925,077</u>	<u>89,415</u>	<u>(1,900,455)</u>	<u>4,114,037</u>
Capital assets being depreciated:				
Buildings	3,752,542	1,900,455	-	5,652,997
Improvements other than buildings	3,048,438	-	-	3,048,438
Equipment	252,128	60,738	-	312,866
Infrastructure	<u>82,545,994</u>	<u>50,734</u>	<u>-</u>	<u>82,596,728</u>
Total capital assets being depreciated	<u>89,599,102</u>	<u>2,011,927</u>	<u>-</u>	<u>91,611,029</u>
Less accumulated depreciation for:				
Buildings	895,048	139,200	-	1,034,248
Improvements other than buildings	2,044,047	126,848	(41,901)	2,128,994
Equipment	245,474	4,234	-	249,708
Infrastructure	<u>35,023,090</u>	<u>2,174,366</u>	<u>-</u>	<u>37,197,456</u>
Total accumulated depreciation	<u>38,207,659</u>	<u>2,444,648</u>	<u>(41,901)</u>	<u>40,610,406</u>
Total capital assets being depreciated, net	<u>51,391,443</u>	<u>(432,721)</u>	<u>41,901</u>	<u>51,000,623</u>
Governmental activities capital assets, net	<u>\$57,316,520</u>	<u>\$ (343,306)</u>	<u>\$ (1,858,554)</u>	<u>\$55,114,660</u>

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(3) CAPITAL ASSETS (CONTINUED)

A summary of changes in proprietary fixed assets for the year ended June 30, 2018 is as follows:

	<u>6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2018</u>
Capital assets not being depreciated:				
Land	\$ 22,054,735	\$ -	\$ -	\$ 22,054,735
Construction-in-progress	<u>130,642</u>	<u>1,094,322</u>	<u>-</u>	<u>1,224,964</u>
Total capital assets not being depreciated	<u>22,185,377</u>	<u>1,094,322</u>	<u>-</u>	<u>23,279,699</u>
Capital assets being depreciated:				
Buildings	58,340,523	101,871	-	58,442,394
Improvements other than buildings	101,430,864	391,547	-	101,822,411
Equipment	1,427,099	-	-	1,427,099
Infrastructure	<u>401,111</u>	<u>-</u>	<u>-</u>	<u>401,111</u>
Total capital assets being depreciated	<u>161,599,597</u>	<u>493,418</u>	<u>-</u>	<u>162,093,015</u>
Less accumulated depreciation for:				
Buildings	12,881,545	1,400,377	-	14,281,922
Improvements other than buildings	74,807,430	1,683,210	-	76,490,640
Equipment	1,295,609	20,837	-	1,316,446
Infrastructure	<u>349,338</u>	<u>19,223</u>	<u>-</u>	<u>368,561</u>
Total accumulated depreciation	<u>89,333,922</u>	<u>3,123,647</u>	<u>-</u>	<u>92,457,569</u>
Total capital assets being depreciated, net	<u>72,265,675</u>	<u>(2,630,229)</u>	<u>-</u>	<u>69,635,446</u>
Proprietary fund capital assets, net	<u>\$ 94,451,052</u>	<u>\$ (1,535,907)</u>	<u>\$ -</u>	<u>\$ 92,915,145</u>

(6) COMPENSATED ABSENCES

The cost of leave privileges, computed in accordance with GASB Codification Section C60 *Compensated Absences*, is recognized as an expense when leave is earned. The statement of net position present the cost of accumulated annual and compensatory leave as a liability. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay this amount when employees separate from service. The combined value of accrued annual leave and compensatory leave at June 30, 2018 was \$184,186.

(7) RETIREMENT BENEFITS

Plan Description

Employees of the Authority are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (LA RS 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the Authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) **RETIREMENT BENEFITS (CONTINUED)**

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) RETIREMENT BENEFITS (CONTINUED)

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) RETIREMENT BENEFITS (CONTINUED)

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member's salary and remitted to LASERS by participating employers along with employer portion of the contribution.

The rates in effect during the year ended June 30, 2018 for the various plans follow:

Plan	<u>Status</u>	Employee Contribution <u>Rate</u>	Contribution <u>Rate</u>
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Open	8.0%	35.8%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	35.8%
Post Act 75 (hired after 6/30/2006)	Closed	8.0%	35.8%
Legislators	Closed	11.5%	39.1%
Special Legislative Employees	Closed	9.5%	41.1%
Judges hired before 1/1/2011	Closed	11.5%	38.0%
Judges hired after 12/31/2010	Open	13.0%	36.7%
Corrections Primary	Closed	9.0%	31.1%
Corrections Secondary	Closed	9.0%	35.3%
Wildlife Agents	Closed	9.5%	44.8%
Peace Officers	Closed	9.0%	34.3%
Alcohol Tobacco Control	Closed	9.0%	30.7%
Bridge Police	Closed	8.5%	34.2%
Hazardous Duty	Open	9.5%	36.1%
New Orleans Harbor Police	Closed	4.0%	4.0%

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) RETIREMENT BENEFITS (CONTINUED)

The Authority's contractually required composite contribution rate for the year ended June 30, 2018 was 37.9% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Authority were \$3,932,736 for the year ended June 30, 2018.

Refunds of Contributions

If a member leaves covered employment or dies before any benefits become payable on their behalf, the accumulated contributions may be refunded to the member or their designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to members or their survivors are refunded to the member's beneficiaries or their estates upon cessation of any survivor's benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Authority reported a liability of \$4,211,394 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Authority's proportion was 0.059823%, which was an increase of .001143% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Authority recognized pension expense of \$2,723,281 plus the Authority's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$652,453.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) RETIREMENT BENEFITS (CONTINUED)

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 77,274
Change in assumptions	16,638	-
Net difference between projected and actual earnings on pension plan investments	136,947	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,186	4,614
Employer contributions subsequent to the measurement date	<u>447,993</u>	<u>-</u>
Total	\$ <u>670,764</u>	\$ <u>81,888</u>

Deferred outflows of resources of \$447,993 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 8,750
2019	162,114
2020	54,803
2021	<u>(84,784)</u>
Total	\$ <u>140,883</u>

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	0%	(0.24%)
Domestic equity	25%	4.31%
International equity	32%	5.35%
Domestic fixed income	8%	1.73%
International fixed income	6%	2.49%
Alternative investments	22%	7.41%
Global asset allocation	7%	2.84%
Total	100%	5.26%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Authority's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.70%) or one percentage-point higher (8.70%) than the current rate:

	1% Decrease <u>6.70%</u>	Current Discount Rate <u>7.70%</u>	1% Increase <u>8.70%</u>
Authority's proportionate share of the Net Pension Liability	\$ 5,286,293	\$ 4,211,394	\$ 3,296,540

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at www.lasersonline.org.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(8) OTHER POST-EMPLOYMENT BENEFITS

The Office of Group Benefits (OGB) administers the State of Louisiana Post Retirement Benefit Plan - a single- employer defined benefit other post-employment benefit plan. The plan provides medical, prescription drug and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they retire under one of the state sponsored retirement systems (LASERS, LSPRS, TRSL, or LSERS). Benefit provisions are established under LRS 42:821 for life insurance benefits and LRS 42:851 for health insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plans are established or may be amended under the Authority of Louisiana RS 42:802.

A summary of all members participating in the plan at June 30, 2018 is as follows:

OGB offered to retirees under age 65 three self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage had access to these plans and an additional two fully insured Medicare- Advantage HMO plans, one fully insured plan, and one Zero-Premium HMO plan.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Retiree Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

The plan does not issue a stand-alone financial report.

Funding Policy

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement no. 75. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due. Effective, July 1, 2008, an OPEB trust fund was statutorily established; however, no plan assets had been accumulated as of June 30, 2018.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

At June 30, 2018, the Authority reported a liability of \$1,894,619 for its proportionate share of the net OPEB liability. The Net OPEB liability was measured as of July 01, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportionate share of the restated total collective OPEB liability at June 30, 2017 was determined using a roll back of the same valuation to July 1, 2016, using the discount rate applicable on that date, and assuming no experience gains or losses.

The Authority's proportion of the net OPEB liability was based on the Authority's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employees. At July 01, 2017, the Authority's proportion was .021800%. Because the beginning balance was restated using a roll back of the July 1, 2017, valuation assuming no experience gains or losses, there is no change in the proportion since the prior measurement date.

For the year ended June 30, 2017 the Employer recognized OPEB expense of \$631,754. At December 31, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 100,120
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	17,534
Employer contributions subsequent to the measurement date	51,184	-
Total	\$ 51,184	\$ 117,654

The \$51,184 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$	(33,808)
2020		(33,808)
2021		(33,808)
2022		(16,230)
Total	\$	(117,654)

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.80%
Salary increases	Consistent with the pension valuation assumptions.
Discount rate	3.13% based on the June 30, 2017 S&P 20-year municipal bond index rate
Healthcare cost trend rates	5.5% for 2018 – 2020, decreasing .25% per year through 2024, to an ultimate rate of 4.5% for 2024 and later years
Retirees' share of benefit-related costs	Expected per capita costs based on medical and prescription drug claims for retired participants for the period January 1, 2016 through December 31, 2017. Claims experience was trended to the valuation date.

For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017 was used. For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017 was used.

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability, and salary scale assumptions.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the primary government of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Authority's proportionate share of the Net OPEB Liability	\$ 2,224,664	\$ 1,894,619	\$ 1,634,250

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the primary government of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50% to 4.50%) than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>(4.50%)</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates (5.50%)</u>	<u>1% Increase</u> <u>(6.50% decreasing</u> <u>to 4.50%)</u>
Authority's proportionate share of the Net OPEB Liability	\$ 1,632,970	\$ 1,894,619	\$ 2,229,853

(9) LEASES

Operating Leases

The Non-Flood Protection Asset Management Authority manages and leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2018, the total cost of the land, buildings and improvements leased to others is \$184.1 million with \$92.5 million net of related accumulated depreciation. Current year rents amount to \$5.3 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect. Future minimum rental payments to be received under these operating leases are as follows for the years ending June 30:

2019	\$ 4,879,819
2020	2,903,672
2021	2,282,354
2022	1,588,495
2023	1,052,959
2024-2028	3,241,822
2029-2033	2,682,030
2034-2038	1,454,480
Remainder of term	<u>2,369,000</u>
Total	\$ 22,454,631

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(10) LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The following schedules summarize the changes in long-term debt during the year ended June 30, 2018:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 39,418	\$ 45,249	\$ -	\$ 84,667	\$ 51,315
Net pension liability	1,324,301	11,876	-	1,336,177	-
Net OPEB liability	<u>584,333</u>	<u>16,786</u>	<u>-</u>	<u>601,119</u>	<u>-</u>
Total governmental activities	<u>1,948,052</u>	<u>73,911</u>	<u>-</u>	<u>2,021,963</u>	<u>51,315</u>
<u>Business-Type Activities:</u>					
Compensated absences	123,738	1,286	(25,505)	99,519	29,842
Net pension liabilities	3,771,647	-	(896,430)	2,875,217	-
Net OPEB liability	<u>798,330</u>	<u>495,170</u>	<u>-</u>	<u>1,293,500</u>	<u>-</u>
Total business-type activities	<u>4,693,715</u>	<u>496,456</u>	<u>(921,935)</u>	<u>4,268,236</u>	<u>29,842</u>
Total governmental and business-type activities	<u>\$ 6,641,767</u>	<u>\$ 570,367</u>	<u>\$ (921,935)</u>	<u>\$ 6,290,199</u>	<u>\$ 81,157</u>

(11) CONTINGENT LIABILITIES

A variety of claims have been made against the Authority in a number of pending lawsuits. Management has regular litigation reviews, including updates from outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The Authority accrues an undiscounted liability for those contingencies when the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Authority does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and which are significant, the Authority discloses the nature of the contingency and, where feasible, an estimate of the possible loss. For purposes of our contingency disclosures, "significant" includes material matters as well as other matters which management believes should be disclosed. The Authority and its districts will continue to defend itself vigorously in these matters. Based on a consideration of all relevant facts and circumstances, the Authority does not believe the ultimate outcome of any currently pending lawsuit against the Authority will have a material, or adverse effect upon the Authority's operations, financial condition, or financial statements taken as a whole.

It is the opinion of the Authority, after conferring with legal counsel for the Authority, that several of the potential claims against the Authority, while not classified as "probable," do not have the reasonable possibility of an unfavorable outcome, so no liability has been booked.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(12) FEDERALLY ASSISTED GRANT PROGRAMS

The Authority participates in a number of federally-assisted grant programs. The programs are subject to compliance audits under the Office of Management and Budget Uniform Grant Guidance. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Authority believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

(13) TAX ABATEMENT

The City of New Orleans (the City) negotiates property tax abatement agreements on behalf of the city and its component units. Each agreement was negotiated for a variety of economic development purposes, including business relocation, retention, and expansion. The District, through the City, has tax abatement agreements with seventeen commercial entities participating in the Restoration Tax Abatement (RTA) program as of June 30, 2018. The RTA projects have property assessed at \$366,753,195 with exempt taxes attributable to the District of \$2,206,000. The City has not made any commitments as part of the agreements other than to reduce taxes.

The District is not subject to any tax abatement agreements entered into by other governmental entities, except for those entered into by the City.

(14) RESTATEMENT OF NET POSITION

During the preparation of the financial statements for the year ended June 30, 2018, the Authority adopted GASB statement number 75 related to Other Post Employment Benefit liabilities, as described in Note (20) as adoption of new financial accounting standards.

	<u>Government</u>	<u>Business</u>
Net position at June 30, 2017	\$ 48,546,418	\$ 96,618,165
GASB Statement No. 75 – Total OPEB Liability	(176,934)	(380,732)
GASB Statement No. 75 – Beginning Deferred Outflows	12,609	27,142
Net Position at June, 30, 2017, as restated	\$ 48,382,093	\$ 96,264,575

(15) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 75, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*” The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This Statement is effective for fiscal years beginning after June 15, 2017. The Authority implemented this standard in the year ended June 30, 2018, and the effects on beginning net position are described in Note 16.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(15) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2018, the GASB issued Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The standard is effective for the year ending June 30, 2021 and the Authority is currently assessing its effect.

REQUIRED SUPPLEMENTARY INFORMATION

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variances with Final Budget (Unfavorable)
	Original	Final		
<u>REVENUES:</u>				
Taxes	\$ 1,810,000	\$ 1,810,000	\$ 1,942,756	\$ 132,756
Investment income	35,000	35,000	66,566	31,566
Miscellaneous	12,100	212,100	115,213	(96,887)
	<u>1,857,100</u>	<u>2,057,100</u>	<u>2,124,535</u>	<u>67,435</u>
<u>EXPENDITURES:</u>				
Flood and drainage protection:				
Personnel services	1,046,214	1,046,214	122,181	924,033
Travel	19,500	19,500	6,163	13,337
Contractual services	946,200	1,176,200	904,629	271,571
Materials and supplies	63,600	87,350	72,286	15,064
Professional services	138,500	245,500	192,142	53,358
Other charges	13,750	13,750	17,967	(4,217)
Capital outlay	39,000	132,000	200,887	(68,887)
	<u>2,266,764</u>	<u>2,720,514</u>	<u>1,516,255</u>	<u>1,204,259</u>
Excess of revenues over expenditures	<u>(409,664)</u>	<u>(663,414)</u>	<u>608,280</u>	<u>\$ 1,271,694</u>
Net changes in fund balances	(409,664)	(663,414)	608,280	
Fund balance (deficit) - beginning of year	<u>(7,304,989)</u>	<u>(7,304,989)</u>	<u>(7,304,989)</u>	
Fund balance (deficit) - end of year	<u>\$ (7,714,653)</u>	<u>\$ (7,968,403)</u>	<u>\$ (6,696,709)</u>	

See independent auditors' report and accompanying notes to financial statements.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>LOUISIANA STATE EMPLOYEES RETIREMENT SYSTEM</u>				
Authority's Proportion of the Net Pension Liability	0.0598%	0.0587%	0.0580%	0.0577%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,211,394	\$ 4,607,924	\$ 3,942,864	\$ 3,606,517
Authority's Covered Payroll	\$ 1,092,345	\$ 1,024,891	\$ 983,879	\$ 1,017,612
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	385.54%	449.60%	400.75%	354.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.5%	57.7%	62.7%	65.0%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**The amounts presented have a measurement date of June 30, 2017, 2016, 2015, and 2014, respectively.*

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>LOUISIANA STATE EMPLOYEES RETIREMENT SYSTEM</u>				
Contractually Required Contribution	\$ 447,993	\$ 391,200	\$ 381,924	\$ 374,236
Contributions in Relation to the Contractually Required Contribution	<u>(447,993)</u>	<u>(391,200)</u>	<u>(381,924)</u>	<u>(374,236)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 1,181,204	\$ 1,092,345	\$ 1,024,891	\$ 983,879
Contributions as a Percentage of Covered-Employee Payroll	37.93%	35.81%	37.26%	38.04%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018*

	<u>2018</u>	<u>2017</u>
<u>OFFICE OF GROUP BENEFITS</u>		
Authority's Proportion of the Net OPEB Liability	0.0218%	0.0218%
Authority's Proportionate Share of the Net OPEB Liability	\$ 1,894,619	\$ 1,977,939
Authority's Covered Payroll	\$ 1,092,345	\$ 1,024,891
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	173.45%	192.99%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**The amounts presented have a measurement date of July 1, 2017.*

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

(1) PENSION PLAN SCHEDULES

Change of Benefit Terms

The was a 1.5% cost of living increase effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

Changes of Assumptions

There were several changes in assumptions for the June 30, 2017 valuation. The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018-2019. The Board reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%. In addition, the projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

(2) OPEB SCHEDULE

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Changes of Assumptions

In the valuation for 2017, the discount rate increased from 2.71% to 3.13%.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

	Jesse Noel
Salary	\$ 127,702
Benefits-health insurance	15,424
Benefits-retirement	48,399
Benefits-dental and vision insurance	814
Benefits-life insurance	184
Benefits-Fica and Medicare	1,813
Car allowance	9,000
Cell phone	900
Dues	213
Reimbursements	5
Travel	347
Registration fees	200
Meetings and conventions	589
Other	85
	\$ 205,675

REQUIRED SUPPLEMENTARY INFORMATION



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*

To the Board of Commissioners
Non-Flood Protection Asset Management Authority
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Non-Flood Protection Asset Management Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Non-Flood Protection Asset Management Authority's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Non-Flood Protection Asset Management Authority'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 Non-Flood Protection Asset Management Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Non-Flood Protection Asset Management Authority'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.



To the Board of Commissioners
Non-Flood Protection Asset Management Authority
November 30, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Non-Flood Protection Asset Management Authority'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 entity'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 entity'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.

November 30, 2018
New Orleans, Louisiana

Erickson Krentel LLP
Certified Public Accountants

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Non-Flood Protection Asset Management Authority.
2. No significant deficiencies or material weaknesses in internal control related to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Non-Flood Protection Asset Management Authority are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2018.

SECTION II FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported for the year ended June 30, 2018.

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2017-01 Reconciliation of Revenue Accounts

The Non-Flood Protection Asset Management Authority did not have adequate policies, procedures, and related internal controls in regard to the reconciliation of subsidiary ledgers to the general ledger to ensure that billings, collections, and reconciliations are performed timely.

This issue has been resolved through the implementation of policies and procedures and the aggressive pursuit of outstanding billings.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

Not Applicable

SECTION III MANAGEMENT LETTER

Not Applicable